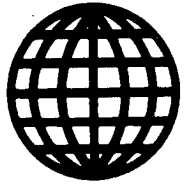


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FINLAND

SDP's New Chairman Sees Local Elections as Test for Coalition

36500103 Stockholm DAGENS NYHETER in Swedish
18 May 88 p 11

[Article by Stefan Lundberg: "Sensitive Fall Elections in Finland: Paasio Fears Problems in Government"]

[Text] This autumn's municipal elections will raise temperatures in the Finnish leftist-rightist coalition government. New Social Democratic Spokesman Pertti Paasio fears that the problems between the new colleagues in government will come to a head when they find themselves fishing in the same electoral waters.

The soon to be one-year-old coalition government, made up of the Social Democrats and the conservative Union Party, has so far functioned without major conflicts. But next autumn will usher in a sensitive situation, when the electoral campaigns are set in motion. The two parties will be fighting over the same voters in the big cities of southern Finland.

In the time of the old leftist-centrist government, this was never a problem. The Center had its supporters in the rural areas and up north, and the Social Democrats in the south.

Pertti Paasio has a thankless job ahead of him. He took over the spokesman's gavel for the nation's biggest party after a painful defeat in the Riksdag election 1 year ago. The backwards slide looks like it will continue, according to the opinion polls.

Paasio is still standing in the shadow of his predecessor, Kalevi Sorsa. Sorsa was both party spokesman and prime minister at the same time. Paasio is not involved in the government. But he is as thoroughly political as a person can be. His father, Rafael, was party spokesman before Sorsa.

"It is not impossible that I will end up serving with this government," says Paasio, who was chosen as spokesman after the government was set up. "But I do not intend to kick out one of our ministers just so that I can be involved."

Paasio unconditionally denied the nasty rumors that there are conflicts in cooperation between the current and the previous party boss.

"Kalevi Sorsa has given party leadership an altogether exemplary foundation," brags Paasio, who is already pushing Sorsa as the party's next presidential candidate.

Seal of Approval

Paasio is said to be among those who were not wholeheartedly charmed by the new coalition government. But now he gives his seal of approval. There is more serious action in this government than in the previous leftist-centrist coalition.

"There has been a long introductory period, but as long as the government functions as it is doing now, let's keep our hands off of it. We are satisfied with this government; it is less Byzantine and more direct than the previous one."

All the parties, including the opposition, seem to agree that the government will last out its term, that is, until 1991. Sorsa has made it clear, as well, that the Center Party may sit in the opposition's seat for the entire presidential term—even up to 1994. Paasio will not go this far.

"A long-lived government should not be allowed to become an end in itself. It should stay in power only so long as it functions—no longer, no shorter."

One reason that the long cooperation between the SDP and the Center Party finally broke up was that Sorsa and the Center Party leader, Paavo Vayrynen, could not stand each other. Paasio does not have a "Vayrynen complex"—not yet, in any case.

"No, there's been no chance for one to start up. We've had so little to do with each other."

But they have had this much to do with each other. Right after Paasio was elected as party spokesman, Vayrynen called him up and is said to have suggested that the Union Party could be thrown out of the government. Paasio refuses to comment on this.

"I can't give you all the details. It was a confidential conversation. Mostly we talked about the weather," he says.

That the old government party was replaced with the Union Party, Paasio does not find so remarkable.

"Coalition governments have a long tradition in Finland, after all. The range of parties is splintered into more factions than it is in Sweden. Besides that, we have our laws concerning qualified majorities and minorities in the government, which necessitates more broadly-based governments," Paasio says.

"When you look at the range of parties today, you can see that there's no big difference between governing with a bourgeois like Paavo Vayrynen or governing with a bourgeois like Suominen (spokesman of the Union Party)."

The fact that 1 year ago the Social Democrats agreed to cooperate in a government with their "archenemy" was hard for a lot of Social Democrats to swallow, especially since the pressure was strong to go for the opposition party slot, after the big electoral defeat. Today, things are different, according to Paasio.

"It is paradoxical that the people who were the loudest opponents of the government—especially from the professional sector—are the ones who are its most enthusiastic supporters today."

Sand Castles

Paasio is already issuing warnings about this autumn's municipal elections. The election is extremely important for the Social Democrats, who over the past few years have been losing terrain to the Union Party in the big cities.

"We are playing in the same sandboxes, and now we are going to see whose sand castle falls down and whose stays standing. We didn't have that problem with the Center Party. They were strong out in the rural areas and in the north."

This conflict may be reflected in the government itself, which is going to have some hard decisions to make in the fall when the most important parts of the new tax reform are going to be passed.

Opinion poll figures are bad for both of the big government parties, while Vayrynen's Center Party is making big strides forward with its sights on becoming the biggest party in Finland as early as the next Riksdag elections. Vayrynen is trying to personally lead his party into the cities by becoming a candidate himself in the municipal elections in Helsinki. Right now, the party has only one member on the city council.

9584

Vayrynen Foresees Boost for Center Party in Fall Local Elections

Helsinki Seen as Base

36170065 Helsinki HELSINGIN SANOMAT in Finnish
15 May 88 p 17

[Article by Arto Astikainen]

[Text] Center Party chairman Paavo Varynen is an incredible political Rambo.

A year ago he waged a vigorous campaign for election to Parliament, in the wake of which lay the smoldering ruins and fabrics of government. The long, wearisome election campaign for the presidency began soon after. And now he has a new battle in mind.

Vayrynen is trying to conquer Helsinki. Party policy, foreign policy, domestic policy, and economic policy are not enough for this man of insatiable desires. Vayrynen has decided to try for a seat on the Helsinki city council.

The party leader, presidential candidate, parliamentary representative from Lapland, and cabinet minister on several occasions will run for office in the Helsinki municipal elections this October.

Vayrynen starts a new election campaign in August. Its goal is to finally establish the former Agrarian Party firmly in the southern cities and to establish a base for the next parliamentary election triumph, the next prime ministership...

Vayrynen does not plan to protect allotment gardens or make arrangements for a pedestrian street on the North Shore. The opposition leader intends to turn the municipal election into a general political election, to erode the support of liberal and conservative parties throughout southern Finland.

"I want to be right out in front leading the troops into battle," says Rambo.

The Center Party's electoral troops in Helsinki scarcely even know that they have gotten a leader.

[Question] Why did you decide to run for office in the municipal elections? Not just so that you could get onto the Helsinki city council?

[Answer] There's a stack of reasons for jumping in, but not one against it, so the decision was easy to make.

The municipal elections are deeply concerned with general political issues, and I want to confirm their general political nature by participating. For the capital city region, the elections are also linked to government policy. After all, ultra-conservative as well as socialist politics has always had a foothold in the Helsinki region. Here you can see what that policy leads to, and it is precisely here that a clear alternative must be offered.

I've also followed very closely what's happening in the Helsinki region, how people live, and have often taken a stand on these issues. I want to influence the capital city's development and see to it, above all, that people's living conditions are improved, housing conditions corrected, services upgraded, and it seems that the plans for downtown Helsinki are not working out.

The aim of my candidacy is also to assure a victory in the municipal elections. I want to be right out in front leading the troops into battle.

[Question] Is the Center Party's assault on the cities going to start now? You've been trying to do that for 30 years.

[Answer] The purpose of the decision is to demonstrate very clearly that the party is really interested in the affairs of southern Finland's population centers and wants to participate with all its might in solving the problems.

Chairman's Participation Is Big Advantage

[Question] Do you think that Paavo Vayrynen alone, personally, can conquer Helsinki for the Center Party?

[Answer] Not at all. There are other good candidates, but it may be that the participation of the party chairman in this particular situation will be a big advantage.

[Question] Isn't there a little bit of a messiah complex in this: after a presidential election victory, you still have to get southern Finland into working order?

[Answer] There isn't any such complex involved, but success in the presidential election had a fundamental effect on my candidacy: a desire to exploit the situation in the municipal elections and a desire to lay the foundation for the parliamentary elections. In a general political sense, the municipal elections are just interim elections.

[Question] You have vociferously opposed Helsinki's growth, sponsored various penalty taxes here, the scaling back of public assistance payments, the transfer of government offices to the provinces, the shifting of the railway station to Pasila. Is that the way to entice Helsinki voters?

[Answer] Whenever there's talk about growth, many people see it as an exclusively positive thing. In Helsinki's circumstances, continuous migration isn't a positive phenomenon. It makes handling problems difficult: the housing shortage gets worse, traffic jams get worse, and the lack of social-welfare and public-health services becomes a more serious problem. It's not a positive trend. You have to intervene and look, of course, for measures that are acceptable to people in the capital city region.

New words should be found to use which are seen as more positive than growth restriction.

[Question] Do you intend to promote restriction in the Helsinki city council, too?

[Answer] Yes, a policy that leads to more balanced population growth and makes it possible to ease the housing problem and eliminate lack of services.

[Question] Is that the Center Party's alternative to a Conservative-Socialist municipal policy?

[Answer] It mostly means that we should start to improve the lives of ordinary people in the capital city region. Resources should be directed away from construction of new workplaces to construction of apartments, day-care centers, homes for the aged, and public health centers.

Another very essential issue is better administration of the capital city region. There isn't adequately efficient administration within the district framework, and ordinary city dwellers aren't able to influence matters in their own residential environment.

[Question] So will you advocate a separate council for the city sector of Kruunuhaka?

[Answer] Kruunuhaka should not necessarily be seen as such an area, but maybe downtown Helsinki could be one administrative district.

I Intend To Sit on Council

[Question] Do you really intend to serve on the Helsinki city council if you get elected?

[Answer] Yes, but maybe not in the same way, of course, as the average councilman does. My thought is for us to get a sufficiently large council group so that we can divide up the assignments among us. That way, a role in council work suitable to my schedule can be arranged.

[Question] The Center Party now has one councilman, Juha Pentikainen, in Helsinki. How many seats are you aiming for?

[Answer] The district has set five seats as the goal. I believe it's entirely within the realm of possibility.

[Question] You're not setting your sights on the job of mayor?

[Answer] No. I'm seeking a position of trust from which I can influence the direction in which Helsinki and the Helsinki region develop.

[Question] How does the party chairman's candidacy in the municipal elections tie in with the Center Party's name change, liberalization, and electoral alliance operation?

[Answer] Very neatly. A situation has arisen in which it is possible for the Center Party to fundamentally expand its base of support, especially in the cities of southern Finland. This has led to plans for reform. We can't assume that the Center Party, such as it's been so far, could suddenly acquire a lot of additional support. We have to be willing to reform ourselves.

We want to show through the chairman's candidacy that what you have here is a new kind of Center Party, which seeks to increase its support in a new way.

[Question] Where are you looking for new supporters? From among businessmen or wage earners?

[Answer] From people who want change very much. Businessmen are no doubt one significant group, but so are white-collar wage earners. The Conservative Party has turned its back not only on businessmen but also on clerical workers. The Conservative Party pursues a policy of appeasing Social-Democratic and trade-union wage earners.

[Question] Do you mean to be a protest candidate?

[Answer] I am offering an alternative.

[Question] Will the Center Party's name change and other reform plans amount to anything?

[Answer] They will. Everything's progressing.

If it turns out that the Center, as a name, doesn't work out, maybe we'll have to put the word Finland's or Finnish in front of it. In practice, however, the name would change to the Center. In official documents we'd end up using a two-part name, for example, the Finnish Center, in Swedish, Finlandska Center.

[Question] Would Sukeva be the abbreviation?

[Answer] No. It would be Kesk, the way the name is now abbreviated in the civilized media.

[Question] Will the Center Party become a member of the Liberal International?

[Answer] I believe we'll be accepted for membership, we're entirely comparable to other parties. We're very similar to the Swedish People's Party. The only essential difference is that we don't have an organized right wing or a close relationship with the Black International.

[Question] The Center Party went into the presidential elections a united party. The plan for a name change and an electoral alliance tore the ranks apart overnight. Was that a political error?

[Answer] In my opinion, it would be a political error if we didn't reform ourselves now when the party's growth clearly requires reform.

[Question] How big does the Center Party strive to become?

[Answer] Our goal is to come out on top of the Conservative Party in the municipal elections, too. It's quite an ambitious goal: In the last municipal elections, the Conservative Party received about 4 percent more votes than we did.

Our longer-term goal is to be able to compete for the position of the largest party in Finland during the next parliamentary elections.

[Question] Isn't that megalomania?

[Answer] It's a matter of opinion. To me it's important in politics to set the goals sufficiently high and work to fulfill them. Politics is a matter of will. If there's a sufficiently strong will and the citizens participate actively, then good will come of it.

Paasio and I Spoke About General Issues

[Question] Will the Center Party try to upend the government in the municipal elections?

[Answer] We constantly strive to see to it that this government collaboration ends as soon as possible. If it ends before the parliamentary elections, then in our view the Parliament should be dissolved and elections held and a new government formed after that.

[Question] Conservative Party leader Ilkka Suominen wants to keep the non-socialist-government card in his pocket in case the Social Democratic Party starts to become defiant within the government. Does such an alternative exist?

[Answer] We're not trying to get into the government before the next parliamentary elections. The Conservative Party and the Social Democratic Party have to answer for their policies directly to the voters in elections. Of course, I'm not swearing that under no circumstances would participation in a government come into question, but we are very much against it.

[Question] Do you still trust Ilkka Suominen?

[Answer] Yes. He has tried to act in the manner he agreed upon.

[Question] Last August, right after a government was put together, you invited the Social Democratic Party chairman to the sauna and suggested throwing the Conservative Party out of the government and establishing a Socialist-Agrarian government. What did Pertti Paasio reply?

[Answer] That's not true. I met with Paasio and we discussed general issues, but not in the sense of trying to change the government.

[Question] Have there been meetings since then?

[Answer] I've been waiting for Paasio, in turn, to invite me over for talks, so we could discuss the issues. It's important in the future for there to be good teamwork and good relations between the Center Party and the Social Democratic Party.

Poll Indicates Stable Support

36170065 Helsinki *HELSINGIN SANOMAT* in Finnish
16 Apr 88 p 17

[Text] According to the most recent estimate, support for the Center Party has remained at the level to which it rose in the presidential elector elections in late January/early February, or at a higher level than in the last parliamentary or municipal elections. In the March poll, support for the Greens was also greater than in the most recently held parliamentary and municipal elections.

The poll shows a slight decline in support for the Conservative Party and the Social Democratic Party (SDP).

The recent estimate of support was made by the Gallup Poll of Finland at the request of the four biggest parties. The estimate is based on the March interviews of 1,030 Finns eligible to vote. The respondents were asked how they would vote if municipal elections were held today.

The Center Party's support was estimated at 19.8 percent in March. The Center Party received 19 percent of the votes in the 1984 municipal elections and 17.6 percent in last year's parliamentary elections. In the election for presidential electors this past winter, the share of the Center Party's own candidates was 19.6 percent.

The SDP's support was estimated to be 23.7 percent. The SDP's showing was 24.7 percent in the municipal elections and 24.1 percent in the parliamentary elections. In the election for presidential electors, the SDP was well over 30 percent, so that the Koivisto additions have already disappeared.

The Conservative Party's support was estimated at 22.2 percent. The Conservative Party received 23 percent of the votes in the municipal elections and 23.1 percent in the parliamentary elections.

Support for the Greens is 5.1 percent in the Gallup estimate. The Greens' showing was 2.8 percent in the municipal elections and 4 percent in the parliamentary elections.

Gallup estimated the support of the other parties as follows: Finnish People's Democratic League (SKDL) 10.3 percent; Democratic Alternative 4.0; Swedish People's Party (RKP) 4.8; Finnish Rural Party (SMP) 5.1; Finnish Christian League 2.0; Liberal People's Party 0.4; Constitutional Right Party 0.0; Finnish Retirees' Party 1.4; and other groups 1.2. There are no significant changes here compared with the municipal and parliamentary elections. The SMP's popularity seems to have fallen somewhat since the parliamentary elections.

The interviewees were also asked for their backup party choices. The backup choices of SDP supporters were pretty evenly divided among three groups: the SKDL, the Conservative Party, and the Center Party.

Increased Dissatisfaction With Government

The second choice of Conservative Party voters is the Center Party. The RKP and the SDP are also well-entrenched. Reciprocally, Center Party supporters consider the Conservative Party their favorite second party.

Gallup also measured citizens' satisfaction with Harri Holkeri's Conservative-Socialist government.

Dissatisfaction with the current government is at practically the same level as it was with the earlier Socialist-Agrarian government of Kalevi Sorsa. Open dissatisfaction has clearly increased, however, since last autumn.

Fifty-three percent of the respondents are now mostly satisfied, 57 percent last autumn. Thirty-four percent are now mostly dissatisfied, 23 percent last autumn.

Those most satisfied are in southern Finland; those most dissatisfied are in the north.

A clear majority of supporters of the opposition SKDL and Center Party are dissatisfied with the government. Forty-four percent of SMP supporters are also dissatisfied. Satisfaction is greatest in groups that back the SDP, the RKP, and the Conservative Party.

Paper on Vayrynen Strength

36170065 Helsinki *HELSINGIN SANOMAT* in Finnish
16 Apr 88 p 2

[Text] Chairman Paavo Vayrynen's announcement that he is a candidate for municipal office in Helsinki, the center of politics, is a bold and surprising move. Vayrynen deserves credit for risking his own reputation in the Center Party's traditional problem area. Even Urho Kekkonen never cooked up anything comparable.

The Center Party's excuse for feeble success in Helsinki has been its difficulty in putting up candidates. The setbacks are said to have resulted not so much from the party and its politics as from the fact that the party's luminaries have not run for office. After Vayrynen's candidacy, this explanation will no longer hold true. The Center Party can hardly imagine getting a bigger name for Helsinki than Vayrynen's. He is also an interesting candidate for the capital city because he is the chief architect of the Center Party's growth restriction policy. Helsinki dwellers now get a chance to take a direct stand on Vayrynen and his special opinions about the capital city region.

Vayrynen's candidacy will also reveal whether the Center Party's feeble electoral success in Helsinki is myth or reality. There is no reason to doubt that Vayrynen will be

elected. The Center Party has gotten less well-known names on the Helsinki city council. The key is how many other candidates will be swept along on Vayrynen's coattails by the favorable political wind. He believes that winning five council seats is possible. The Center Party received two seats in the 1984 elections.

Vayrynen does not think he even has anything special to give to Helsinki's municipal politics. He admits outright that he does not plan to attend all the city council meetings. He knocks on the gates of Helsinki to pursue general politics, to cultivate his party's image nationwide—and to mess up other people's plans.

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GREECE

'Myths' Reportedly Taking Hold in Relations With Turkey

35210098b Athens I VRADYNI in Greek 14 May 88 p 4

[Article by Rodolfos Moronis: "Dialogue, Myths, and Reality for Greek-Turkish Relations"]

[Excerpts] Just a week before the anticipated arrival in Greece of Turkish Minister of Foreign Affairs Mesut Yilmaz, Prime Minister A. Papandreou decided to brief the leaders of the political parties on the status of Greek-Turkish relations. This move is the prime minister's answer to the Greek Left's proposal for creation of some kind of "national council" and to New Democracy's request for a joint conference of political leaders focusing on Greek-Turkish relations. Papandreou decided to brief the leaders separately, hoping, in this way, to overcome whatever pressures the other parties' proposals would have as an upshot.

It is not only that Papandreou chose the more comfortable, for him, and insipid method. He decided, according to the data existing until then, to make a "curtailed" briefing in the scope of which he will not include any reference to the verbal messages he has exchanged with the Turkish prime minister, nor will he reveal the content of the messages he has received from Ozal.

Thus is prolonged a condition of confusion about the course of Greek-Turkish relations, confusion which does not help in the critiquing ("consequently, in the criticisms," will think Papandreou), but also in the charting, of a national policy. Within this climate, it is easy for myths to be cultivated, and for absurdities, such as those which the composer, M. Theodorakis, disclosed a few weeks ago, to flourish.

There are two myths which have begun to gradually be consolidated because of the ineptness of our government, primarily the prime minister, but also because of the desperate efforts Papandreou is making to persuade us about the correctness of his choices and his maneuvers.

The fact that everyone is saying "yes" to Papandreou's choices and "no" to his maneuvers intensifies the confusion since, for the people, the differences between choices and maneuvers is not exceptionally clear.

The most dangerous myth is that we can talk to the Turks without this influencing the real problems which "are still on the shelf," in the words of our prime minister. The second myth is the theory, "he wants to but his hands are tied," heard about Ozal.

The prevalence of the first myth will result in the consolidation of a situation which is surely not favorable for us. In three or five years, when Ozal or—better—Turkey decides that it has gained as much as it can from the dialogue on the insignificant, it will pull out of the shelf the essentials and we will then discover that international public opinion, for example, is not so sure about who is claiming what and from whom. Is Greece demanding the Aegean or Turkey the islands? What does Greece, who up to that moment has not gone outside of its territorial waters for explorations, want now? It will be a question which we will do well to prepare ourselves to answer. And what is Greece, since the Turks respect its air space of six miles, now looking for at 10 miles?

The second myth also operates in Turkey's favor: In order to not upset Ozal, we are proceeding carefully and are not pushing things. But it is known that military men and politicians in Turkey have always followed, and continue to follow, one particular line only vis-a-vis Greece. Expansionism characterizes this policy of theirs. It is not suddenly Ozal the dove among the hawks, just as Ecevit was not a dove. Ozal will cite the pressures which he supposedly is receiving from the military people every time he wants to deflect our pressures.

We must rid ourselves of the two myths which threaten to create a situation. As time passes and we do not put aside the myths in order to face reality, we will sink so much farther into a situation from which it will be difficult to get out, even if we wish it. We should immediately pull out of the shelf the real problems and discuss these not with Ozal or Yilmaz or General Evren but with Turkey. We should now answer—but also get an answer from the other side—to a critical question: Is Turkey resolved, here and now, to talk and to find solutions to the problems with Greece?

The quicker we have an answer to this question, the better. The least obligation Papandreou has is to broach the question to Ozal and to tell us what answer he receives.

9247

'Mixed' Electoral System Reportedly Planned

35210098a Athens TO VIMA in Greek
15 May 88 pp 4, 5

[Article by G. Papakhrastos: "Mixed System in Two Phases"]

[Text] The government is orienting itself to a two-phase mixed electoral system. According to information, which

has been publicized in recent days in TO VIMA, apparently the government is coming to an electoral system of which the main characteristics are the following:

1. Establishment of a simple proportional system in the country's many-seated districts which elect more than 10 deputies. Included in this category are the Athens, Piraeus and Salonica electoral districts.
2. Establishment of a simple proportional system in the country's remaining electoral districts. This system will be the same as the simple proportional system by which the 1985 elections were conducted.
3. Rearrangement of the electoral districts outside of Attiki and Thessaloniki, with the creation of major electoral districts analogous to the recent administrative division of the country (as is known, the country has been divided administratively into 13 districts).
4. Introduction of a mixed system for electing deputies, retaining the list and restoring the cross mark indicating preference.

According to the information TO VIMA has at its disposal, this system, which was suggested to Prime Minister Andreas Papandreou by Minister of Interior Akis Tsokhatzopoulos, coincides with the proposals which have been submitted since about the beginning of the year by Deputy Prime Minister Agamemnon Koutsogiorgas. According to the studies which have been done, the specific system, which has been worked out by computer, produces relative fairness in the distribution of seats to the small parties because:

1. With the application of the pure simple proportional system in the electoral districts of Attiki and Thessaloniki, which elect approximately one-tenth of the parliamentary seats, the KKE and the other small parties are given the chance to increase their seats since, as is known, it is there they have their big electoral influence.
2. On the other hand, in the provincial electoral districts where their force is restricted (except for the KKE which claims seats in Larisa, Magnisia, Aitolokarnania and Lesbos, the remaining parties have little electoral effect), with the simple proportional system implemented in the 1985 elections, the party getting the majority will be given the bounty.

It is also of interest to analyze the mixed system for electing deputies as it touches directly on the final formation of the parties' forces in the Chamber. According to what is provided by this system:

1. There will be a "list" at the level of the new electoral district (the same as the administrative district), with which the parties will elect, in proportion to the percentage they received in the specific district, a number of deputies included on the "list." On that score, it has not been decided yet whether election from the "list" will

occur proportionally or a majority system will be in force. Opinions on this differ, but, according to information, the scales will end up on the side of the majority system. This specific detail has very great significance given that, based on the 1985 election results, PASOK is favored significantly in larger electoral districts such as, for example, that of Crete. Thus, if in this electoral district PASOK receives more than 50 percent of the votes, with the majority system it will receive all the elected deputies from the list. On the other hand, New Democracy does not seem to be approaching this percentage in any larger electoral district....

2. Retaining the "list" is considered by those studying the system to be absolutely indispensable because it will make it easy for the governing party to elect those of its ca lres whom it wants but who do not have the required electoral force in their nomes....

At the same time, at the nome level, the cross of preference will be restored, exactly as it was in force in the 1981 elections. According to the inspirers of the specific system, restoring the cross is necessary because, in addition to other things:

1. It will allow mobilization of the present deputies and candidates who, as regards the governing party, have been inactivated to a significant degree.
2. It will free the hands of the parties' leaderships who will thus be able to maneuver more easily in the face of all types of pressures.
3. It will get around the alternative solution of striking off candidates which has a strong element of disapproval....

For the present, there has been no decision on the percentage of parliamentary seats which will be allotted through the "list" and, in a wider sense, those which will be elected at the nome level with a cross of preference. One thought is for four-fifths of the deputies to be elected with the cross of preference and the remaining one-fifth with a "list."

It should be pointed out here that deputies of state will continue to be elected with a "list"....

Government officials with whom TO VIMA communicated consider a more just system—they called it "ideal" as regards Greece—the introduction of the two-round system, according to the prototype of the presidential elections in France. According to the same government officials, the elections could take place with a simple and pure proportional system on the first Sunday, with the number of parliamentary seats allotted to the parties equal to three-fifths of the total seats, and on the second Sunday (which will be 15 days away from the first) a majority system will be in force, which gives to the leading party 60 percent of the parliamentary seats to be

allotted which remain undisposed of after the first Sunday. With this system, stress the same government officials, there is the possibility of strong self-powered governments being created and the danger of the country's political life being "Italianized" is decisively eliminated.

9247

PASOK Accused of Total Lack of Policy

35210098c Athens *ELEVTHEROTYPIA* in Greek
8 May 88 p 9

[Article by Potis Paraskevopoulos: "PASOK's Policy Is a Political...Dance!"]

[Excerpts] PASOK's government power all these years has moved on a "revocatory" course. Every new day of its power renounces the previous one. PASOK's leadership takes us from surprise to surprise without continuity and without consistency.

It is a political course which leaves no trace. Each new step refutes and erases the traces of the previous one. It is a game with power, for power.

PASOK's government policy has no color, no form, no weight. It is not right-turning, as the communist left charges. Nor is it left-turning, as the "bourgeois establishment" fears. Nor is it returning to the positions of ND, as Mitsotakis proclaims. It is a political...tsamiko [Greek popular dance], with the impromptu figures of the leader, without step and advancements. So long as the dance holds up well!

It is being revealed today to the most fervent PASOK adherents that both its big and small political choices, in all the sectors of the public and national life, have been improvised without a far-reaching perspective.

The break with Karamanlis on 9 March 1985 appeared as a revolutionary leap for the socialist change of Greek society. And immediately after Karamanlis' departure from the presidency of the republic, the censuring of socialist experimentations in the national economy of Minister Ger. Arsenis was announced.

The election of Khristos Sartzetakis to the presidency followed, as did the revision of the 1975 Constitution in order to remove "excessive powers" from the president of the republic. Today, three years after the presidential election, we are facing presidential antics and government knifings.

PASOK's chosen one, Sartzetakis, without "excessive powers," is making Papandreou pay dearly. And the prime minister, with the superpowers he acquired from the revision of the constitution, is seeking ways to get rid of his chosen president of the republic.

The terms for operation of the presidential parliamentary democracy have been upset. The unliable, according to the constitution, supreme ruler of the country has become, according to the government, liable for his deeds. And the responsible, according to the constitution, prime minister is divested of his responsibilities for the actions of the unliable president of the republic.

After the desertion of Sartzetakis, of this strategic presidential choice for socialism, next comes the political kick to...other democratic forces which were extolled by the PASOK leadership as necessary partners in the "social bloc of change." Today, the PASOK leadership does not want these "other democratic forces," not even in the "class bloc" of GSEE.

The national policy in our relations with Turkey and the United States has become a domestic trial. From explosions of hostility, it is transformed into bursts of friendship. Ankara probably knows the prime minister's feelings and intentions on the Greek-Turkish differences. And Washington probably knows the conclusion of the bases negotiations.

The political parties, the Greeks' Chamber of Deputies and the Greek people pass every day through a trial by fire. And from the positions, each time, of the prime minister, they are trying to divine not the government's foreign policy but the time of...the elections! The national policy has been thrown into the game of power.

The policy on education has led to an impasse. It is an incoherent policy which has resulted in the dissolution of three grades of education. Improvisations and experimentations. One year ancient studies are out, from the secondary schools on; the next year they are in, from the primary schools on. Every year a new system of entrance exams to the graduate and college-level schools. A framework-law without frameworks and functionality. And each party is trying to see if the persona of education is right or left. It does not have a persona! It is an undefinable phantom which moves according to the whims of each minister. And when things come to a crisis, we change the minister, as day before yesterday with Tritsis, and we seek an allowance of time.

In the economic policy, one day the government plays with private initiative and the next with the power of the workers. One day it swears on the laws of the market and the next proclaims the war of the fruit boxes. One day, free prices on products, the next price control. One day, thunderbolts are hurled against the capitalist establishment and the next thunderclaps against the workers' corporate interests. PASOK's leadership is playing with both the employers and the workers. As a result, neither the former nor the latter trust in it. And every so often the ministers of the financial ministries change so that the hopes of both the employers and workers are stirred up. The game is for everyone to be in anticipation of better days.

In these seven years of PASOK's government power, there has not been a government action which has not been revoked. Nor has a big or small problem of the country been confronted with a consistent policy—neither with a leftist policy, nor a rightist policy, nor a social-democratic policy. Grave talk, but this is the bitter truth. PASOK's leadership has disenchanted not because it has not followed a leftist, or social-democratic or rightist policy; it has disenchanted because it has no policy.

And the responsibility rests exclusively on the PASOK president and prime minister of the country, Andreas Papandreou. He has quashed both the Council of Ministers and the party's Executive Office and Parliamentary Group.

9247

ND Overtakes PASOK in Salonica Voter Preference Poll

35210097a Athens 1 KATHIMERINI in Greek
8-9 May 88 p 1

[Text] After Athens the New Democracy Party also holds an impressive lead over PASOK in Salonica. This is due basically to a change among voters.

Specifically, according to a poll conducted in Salonica by ALCO, ND has 39.7 percent of the electorate compared to 24 percent for PASOK, leading the governing party by 15.7 points. Another poll in Athens by the same company 2 months ago showed ND leading PASOK by 13.1 points.

The following table is indicative of the present conditions in the Salonica electorate and includes public preferences today compared to those in 1985, as well as the actual electoral results in the Salonica region.

As shown by this table, ND is keeping the share of voters it had in 1985. By contrast, PASOK shows a loss of 20.7 percent. But as in Athens, ND's gains do not match PASOK's losses. The 1985 voters who do not prefer PASOK any more now remain "undecided." It is worth noting, however, that ND has such a percentage that if it takes its share of undecided voters it can rise by 5 points compared to the results of the 1985 election. As noted in the poll, "this is a gain that (if eventually realized) can lead to an ND electoral victory."

Total of Voters	1985 Percent	Actual Result Percent	Present Condition Percent
PASOK	40.7	44.7	24.0
ND	41.0	41.2	39.7
KKE	9.4	10.3	10.4
EAR (1)	—	—	2.4
KKE-Int.	3.0	2.7	—
DI.ANA (2)	—	—	0.4
EPEN (3)	0.6	0.5	0.6
Liberals	0.4	0.2	—
Others	—	0.5	0.4
Undecided	—	—	17.7
No answer	4.8	—	4.3

1. EAR—Greek Left

2. DI.ANA—Democratic Renewal

EPEN—National Political Union

07520/06662

**Koutsogiorgas, G. Papandreou's Succession
Chances Evaluated**

35210097b Athens EMBISTEVTIKO GRAMMA
in Greek 20 Apr 88 p 11

[Text] Today we complete the series of our analyses dealing with the succession struggle which, in our view, has already started within PASOK. Our basic view is that A. Papandreou will quit active politics if he is defeated in the next national election or in the 1990 election for president of the Republic.

In the previous three commentaries we examined the prospects of the three PASOK personalities (K. Laliotis, K. Simitis, G. Gennimatas) who, in our opinion, will be favored in their own political future by a PASOK electoral defeat. Today we'll conclude the series by focusing simultaneously on the remaining two political successors: M. Koutsogiorgas and G.A. Papandreou.

But why are we studying them together? The reasons are several.

The 'Victory Successors'

The hopes of M. Koutsogiorgas and G.A. Papandreou rise vertically in the event of a PASOK victory in the next election. Their political future depends on PASOK's stay in power. They are the "victory successors."

Common Political Base

Both men draw their political strength from the same sector of the electorate. This is the present PASOK hard core distinguished by a) its blind devotion to Andreas Papandreou, who is and will remain their leader no matter what happens (G.A. Papandreou, because of his name, has a strong "inheritance right" among them); and b) a total, fanatical opposition to the Right (represented the best possible way by Koutsogiorgas and the newspaper AVRIANI).

Moreover, both try (with little success) to move into another section of the electorate—those who desire modernization of Greek society, through a policy of nonideological realism. The "famous" Koutsogiorgas article against neorealism, the "overtures" by G.A. Papandreou to the question of mass media, and the relations both try to develop with the "big capital" are some of their moves toward a nonideological, modernizing realism.

Similar Points of Political Power

These two men have similarities in terms of their political power. Both are very close to the premier and his circle, which remains the main and only power center in PASOK. Both have strong access to the press:

Koutsogiorgas, with his connection to AVRIANI and G.A. Papandreou through his connection with the pub-

lishing company of the much-discussed, new, daily newspaper [24 HOURS].

Similar Points of Political Weakness

Neither man has political talents commensurate with the present standing in the PASOK hierarchy. They are "political creatures" of either special circumstances (Koutsogiorgas) or of the last name they bear (G.A. Papandreou). If Koutsogiorgas had decided 20-25 years ago to tie his career to G. Mavros he would have no hope of becoming vice premier in any Greek government.

If G.A. Papandreou's name was G.A. Economides he would not talk about him today as a potential successor in PASOK. Both lack "outside sanctioning" which comes from the wider support enjoyed by their opponents in the struggle for succession.

The Differences

The two politicians not only have similarities, but also differences which refer primarily to their future prospects. These differences refer to:

a. The succession

In the event of a PASOK victory their succession prospects are different. Koutsogiorgas has a better chance of being chosen as the immediate successor to A. Papandreou. In any event, he will be the one responsible for an electoral victory since he is the main advocate of the self-sufficiency policy currently followed by PASOK. By contrast, G.A. Papandreou's prospects are more long range since they are based on his father's potential presence in the presidency of the Republic (from where he will continue to control to a large extent developments within PASOK) and also on completion of PASOK's turn to the Right, which will politically weaken his opponents of Left Origin (Laliotis, Gennimatas). In such a political environment and provided he displays some governmental abilities, G.A. Papandreou has significant possibilities in becoming "the successor to the successor."

b. The defeat

The fate of these two politicians will be different in the event of PASOK's electoral defeat. M. Koutsogiorgas will have a hard time surviving the radical change in the political climate, and very likely will drift into political oblivion. By contrast, G. Papandreou will continue to keep at least part of the paternal political inheritance. Of course, the chances of playing a leading political role will be greatly reduced, but he may retain a significant place in the center-Left to the extent his inheritance rights are not challenged by another member of the Papandreou clan.

07520/06662

Reasons for Originators of Karamanlis Rumors Identified

35210097c Athens EMBISTEVTIKO GRAMMA in Greek 27 Apr 88 p 6

[Text] Lately, three groups of politicians are cultivating rumors about a return to political life of K. Karamanlis. the first group, around Athens Mayor Miltiadis Evert, promotes this talk mostly because Evert wants to promote the view of a new political party, different from that of Mitsotakis' ND but friendly to the ideas and views of ND's founder, K. Karamanlis. The name of this new party will be "New Era." It will have no chance to develop in the event ND comes to power. This means that Evert's advisors who leak "reports" to the press about the return of Karamanlis to public life, know well why and what they are after.

The second group moving in the same direction is made up of parliamentary deputies such as Mich. Liapis, An. Papaligouras, and others who are aware that an ND victory in the next national election will strengthen the hold of Mitsotakis and weaken them with all the unpleasant consequences to their political careers. Therefore, it is clear that defeat of ND in the next election is a matter of political survival for them. This means that to the extent this talk about Karamanlis negatively affects party cohesion, it is useful to keep it up and exploit it.

Finally, there is a third group of parliamentary deputies worried about certain moves by Mitsotakis and his inner circle. This group also believes that Karamanlis could play a key role in promoting cohesion and unity of the liberal camp. This group, which is made up of top ND parliamentary deputies, bases its views on specific facts and does not favor a break up of the party.

Finally, the possibility of a Karamanlis comeback is promoted by certain diplomatic circles which, for defense or other reasons, favor PASOK's stay in power. Let it be noted that in the conservative area, KATHIMERINI, AKROPOLIS, EVTHOMI and MAKEDONIA in Northern Greece are among the basic means for promotion of those views and positions.

07520/06662

PORTUGAL

Majority Polled Approve of United Europe

35420086b Lisbon SEMANARIO in Portuguese 21 May 88 p 18

[Text] Let the United States of Europe become a reality! The absolute majority of Portuguese, 50.4 percent—at least among those who represent public opinion in greater Lisbon—agree that such an entity should be formed and favor the appeal by those in politics (such as the president) and Portuguese legislators who call for a union among various countries of Europe, forming the USE. Anti-Europeans who gave their opinion accounted for only 8 percent. But there are still plenty who say they have no opinion—41.6 percent. The men (65.9 percent) are quite a bit more enthusiastic than the women (41.5 percent) who demonstrate a remoteness from the issue (51.6 percent) that greatly exceeds the extent to which they are undecided (24.2 percent). Looking at age groups, we find that the generation exhibiting the greatest enthusiasm (54.9 percent) and least ignorance of the subject of European unity (37.3 percent) is the 35-44 bracket, those who were in the prime of their lives at the end of Portugal's isolationism.

		SEX		AGE GROUP					
	Total	Male	Female	15/18 yrs	19/24 yrs	25/34 yrs	35/44 yrs	45/54 yrs	55/64 yrs
Agree	50.4	65.9	41.5	53.6	47.8	50.0	54.9	52.7	42.9
Disagree	8.0	9.9	6.9	3.6	4.3	9.1	7.8	10.9	8.2
No opinion	41.6	24.2	51.6	42.9	47.8	40.9	37.3	36.4	49.0
Basis	253	91	159	28	23	44	51	55	49
OCCUPATION OF RESPONDENT									
	Medical Serv	Clerical	Commercial	Blue Collar	Re- tired	Stu- dent	Home- maker		
Agree	75.8	58.6	51.7	50.0	27.8	54.3	26.7		
Disagree	15.2	5.2	13.8	6.3	0.0	8.6	6.7		
No opinion	9.1	36.2	34.5	43.8	72.2	37.1	66.7		
Basis	33	56	29	32	18	35	45		

This survey was conducted by Marktest. The universe covered by the study consisted of the population between 15 and 64 years of age residing in greater Lisbon in homes that have a telephone. The sample included 250 respondents. The statistical error is less than 6.2 percent, with 95 percent probabilities. The homes to be surveyed were randomly selected, and a random table was also used to select the respondent within each home. The survey was made by telephone on 16 May 1988.

12830

Poll Shows Qualified Improvement in Government's Popularity

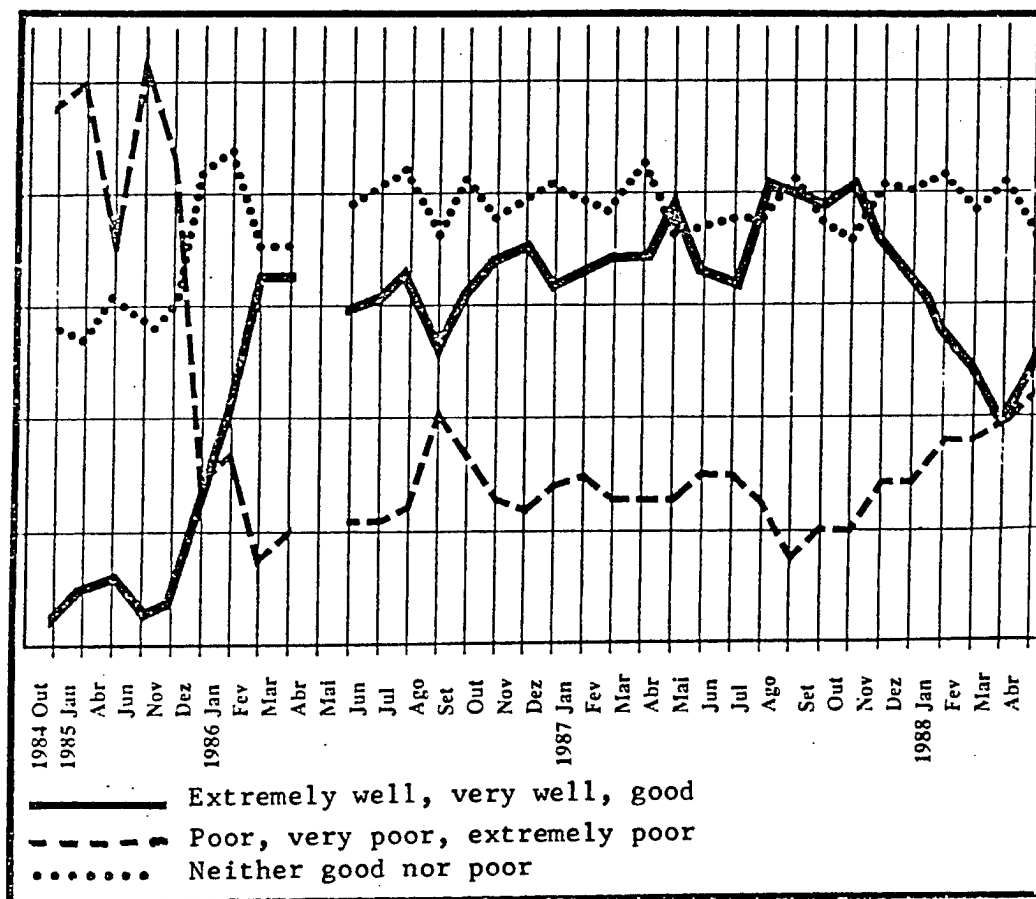
35420086a Lisbon SEMANARIO in Portuguese
14 May 88 p 8

[Report by Maria Joao Vieira]

[Text] The popularity of the Cavaco Silva administration started to rise again this month. However, the increase did not occur at the expense of a drop in the number of those who are dissatisfied with the government's performance. Instead, there were fewer people who expressed indifference. What is surprising is that it was among those in the highest socioeconomic class that

the executive branch recovered its popularity to the greatest degree, at the expense of a reduction by almost half in those who said they were indifferent. There was a slight increase in the number of dissatisfied upper-class respondents. Among the poor—the class which a month ago gave the greatest support to the government's performance—there was a slight increase in the number of indifferent respondents this month and a significant rise in the number of those who are unhappy with the government's actions. Still, after the highest class, it is the lowest class which is this administration's greatest supporter.

Where the administration also saw its popularity grow was among the male population. Men now appear less indifferent and more of them express support of this executive branch. But the number of men dissatisfied with the government also rose slightly. Furthermore, it is still the people between 45 and 54 years of age who are most content with the Government's action and it is in greater Porto where the Cavaco Silva administration has recovered its popularity to the greatest degree. (Doubtless this is associated with the rise in his popularity among the upper classes.) In greater Lisbon, the decline in the number of indifferent respondents serves to swell



the ranks of those who express dissatisfaction and permitted only a slight increase in those who are pleased with the administration's performance.

The Rich Change Their Opinions

Thus the administration is gaining some points at the cost of a greater willingness to express a specific opinion, and the same is true with the popularity of the prime minister himself. Cavaco Silva has achieved a slight increase in his popularity with a decrease in the number of those who "don't know" or don't wish to answer the question; even so, we found a slight increase in the number of those who disapprove of his performance as head of the government. Among the men, a greater willingness to express an opinion on Cavaco Silva's policy favors the number of those who approve of the Prime Minister's performance. Among women, however, the result is the opposite because it is the number who disapprove of Cavaco Silva's performance that increases. But the prime minister also saw his image strengthened among both the richest and the poorest. And it is precisely among those two socioeconomic classes that Cavaco Silva is managing to reduce the number who are displeased with his actions. The change in opinion in the upper class is very significant. A month ago, 40.5 percent of the wealthy disapproved of the prime minister's performance. Now only 28.8 percent hold that opinion.

But all is not well. Cavaco Silva continues to increase his popularity in the Porto area but, once again, loses ground in metropolitan Lisbon, improves in the coastal areas and in the Southern Interior region but suffers a sharp

decline in the Northern Interior locations where his popularity index fell from 65 percent to 49.9 percent.

The prime minister is still quite a bit more popular than his administration, but he is declining slightly and the rate is far from the 43 percent he had enjoyed in October. He has regained some points in comparison to last month's figures (he had 35.2 percent and now has 36.1 percent) but the number of those who are dissatisfied with his leadership of the administration has risen (from 25.8 percent to 27.7 percent) and the decline in his popularity has been faster than his recovery.

Technical Information

The survey was conducted among individuals over the age of 15 who reside in continental Portugal in places that have a population of 10,000 or more. There were 977 in the sample. The sampling was done by the random route method for the home and, within the home, the quota method was used to determine the individual to be interviewed. The sample has non-proportional attribution and was weighted in the data treatment phase for purposes of representativeness of the universe considered. There were 140 sampling points (localities). Direct, personal interviews were conducted in the respondent's home, using a structured questionnaire, between 11 and 29 April 1988. The margin of error was at the level of the total plus or minus 3.1 percent, for a 95 percent level of reliability and for $p = 50$ percent. The survey was taken by Norma, S.A., Portuguese affiliate of Gallup International.

12830

Opinion on Performance of This Administration During the Past 4 to 5 Months																			
	Sex		Age Group					Socioeconomic Status				Region							
	Total	Male	Female	15-24	25-34	35-44	45-54	Over 54	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Extr'y well	4	1.6	1	4	—	9	12	14	21	11	21	7	3	—	13	11	7	7	10
Very well	31	27	34	6	22	18	26	32	17	23	21	12	18	45	33	33	26	41	14
Good	234	216	194	149	128	118	248	243	262	176	185	235	144	268	145	367	232	230	226
Fair	363	320	401	384	447	356	304	329	247	414	379	335	310	290	421	300	430	371	355
Poor	184	213	158	140	245	160	230	168	248	158	200	134	305	160	151	120	157	146	197
Very poor	25	31	20	20	19	59	31	12	42	18	27	20	49	28	18	17	9	62	52
Extr'y poor	20	31	10	15	23	21	25	18	21	30	17	11	13	21	13	31	38	16	16
Don't know	39	31	46	55	40	9	11	56	31	26	56	28	45	2	39	39	56	41	20
No response	126	114	137	226	25	110	114	127	138	122	122	131	142	165	155	80	38	140	100

Opinion on Cavaco Silva's Performance as Prime Minister																							
	Region										Residence		Sex		Age Group					Socioeconomic Stat.			
	Total	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	Male	Fe- Male	15 - 24	25 - 34	35 - 44	45 - 54	Over 54	(1)	(2)	(3)	(4)	
Approve	36.1	24.5	38.9	32.2	49.9	47.0	39.4	39.8	32.5	43.1	19.3	40.1	32.3	37.0	29.7	36.2	38.2	38.2	39.3	35.5	30.6	45.2	
Disapprove	27.7	36.4	27.7	25.2	19.4	29.1	21.8	31.9	34.5	18.4	48.1	30.3	25.3	19.8	38.3	27.1	35.0	23.4	28.8	31.8	29.2	17.8	
(15)	36.3	39.0	33.6	42.6	30.7	21.9	38.8	25.3	35.0	38.5	34.6	29.6	42.2	43.3	32.1	36.7	26.9	38.4	31.9	32.7	40.2	37.0	

Key: (1) High, fairly high; (2) Upper middle; (3) Lower middle; (4) Lower;
(5) Greater Lisbon; (6) Greater Porto; (7) Coastal; (8) Northern Interior; (9) Southern Interior
(10) 2,000 or less; (11) 2,000-10,000; (12) 10,000 - 100,000; (13) 100,000 - 500,000
(14) Over 500,000; (15) Don't know/No response.

Allied Front Seen Indispensable for Opposition
35420086c Lisbon O JORNAL in Portuguese
20 May 88 p 29

[Commentary by Jose Carlos de Vasconcelos]

[Text] The pronounced, if not dizzying, decline in the credibility and popularity of the present administration has not been associated with a similar rise by any of the opposition parties—particularly not the largest, the PS. This is an obvious truth that is “learned” every day and which the polls confirm. Thus although more and more people are dissatisfied with the essential nature and current stance of the Cavaco Silva government and with its policies, the parties of the opposition have been unable so far to capitalize on this discontent, because they have not been able to shape a credible alternative—not even a possible rotation.

The least we could demand of all those in the opposition is that they acknowledge this; that they analyze the causes of this phenomenon, specifically in light of the lessons of the recent past, in order to try to reverse the situation and get to work right away on the bases—not easy to build up—for the indispensable alternative. This is the urgent task of the Portuguese Left, especially those who protest the democratic socialism and the social democracy to which the liberal or neoliberal practices of the PSD administration bears no relationship.

Nor can it be said, employing a polarizing and radical theory, that the “solution” lies in the achievement of a majority by a single party of the Left—since such was not, is not, and will not be possible in the present political context. Moreover—and this is one of the advantages, although on the negative side, of the current situation—a new majority administration drawn from one party does not seem viable in either near or medium-range future. The actions of the present administration have taken care of abolishing this myth: Now the Portuguese must be shown—by putting an end to fixed ideas and baseless cliches, why it is that this administration, although of the same composition as its predecessor, governs so much more poorly than that one did.

And the reason is simple: because now it has all the conditions it had wanted in order to carry out its program, without the opposition “helping it” by, on the one hand, preventing it from making a lot of mistakes and committing excesses and, on the other hand, enacting measures favorable to the Portuguese as a whole that the administration later capitalized on while launching all those attacks on that same opposition...

Contributing to the (difficult) construction of a credible alternative to the present government must, therefore, (although only conceivable on a global scale in the context of legislative futures), be an urgent and priority objective of the opposition that is situated to the left of that government and claims a common or convergent space. This will only be possible, however—if I am

correct—in the presence of a clear recognition that no party is in a position to be that alternative all by itself. At the same time, recognizing that the current electoral picture in this area unmistakably indicates a certain correlation of forces, with one party being stronger (although not as much so as in former times, and nevertheless aware of what happened...), with the resulting consequences and responsibilities, and one party having an independent scheme that, in its initial pure form, brought much that was new into Portuguese politics.

And it will also only be possible if there is an awareness that to maintain or develop, under any pretext, a party's merely hegemonic appetites will make such alternative inviable, will help to keep the reins of power in the hands of conservative forces or hasten the return of the likewise unpleasant memory of the so-called central bloc.

But, beyond the parties that have parliamentary representation are others, some of which have even already enjoyed such representation. There are social forces and groups, more or less well organized, whose contribution can also be extremely useful; especially there is an immense number of citizens who are fighting for liberty and progress, who do not find kindred spirits in any party or group, and who must be made to participate and whose participation is of fundamental importance.

In other words: That alternative presupposes the acknowledgement of a pluralist reality in the democratic Left that ought to represent a dialectic enrichment rather than a divisive factor, the desire to establish a less and less superficial dialogue, and the certainty that this kind of dynamic and its consequent electoral expression, will always be much stronger than the mere sum of the components of this plural whole.

Until this is true, the decline of this administration will not be accompanied by an (equivalent) rise of the opposition, specifically that opposition that opposes the sector that is traditionally termed the democratic Left.

12830

List of Ranking PS Officials, Influence Exerted
35420079b Lisbon O JORNAL in Portuguese
29 Apr 88 p 9

[Text] The 17 members of the PS secretariat have varying portfolios. Only one, the Office of Electoral Studies, has two administrators. The weekly meetings of the secretariat (which, some complain, always start late) are called in order to discuss general politics (at the last session, the main topic was the constitutional revision and the meeting with the PSD) and some specific matters. O JORNAL lists below the names, responsibilities and level of influence of the members of the PS executive body.

Vitor Constancio—The secretary general is the coordinator of the whole team. The fact that he refuses a permanent structure within the secretariat means he is obligated to maintain bilateral contacts with all 17 members. He himself writes his speeches and announcements, after attentively studying the problem in question. His closest advisors are Jorge Sampaio, Antonio Guterres, Jaime Gama and Antonio Vitorino.

The Influential

Jorge Sampaio—indisputable parliamentary leader, being obviously the person in the PS in charge of parliament. His influence is as high as that of Guterres and Gama.

Antonio Guterres—responsible for the organization. Since its formation on 6 March he has been out of the country most of the time. He is extremely well organized, with enormous influence in the PS.

Jaime Gama—head of international relations, considered a moderate (although his speech that was so highly praised by the PSD and pointed out as proof of the existence of two socialist parties had been made with the agreement of the entire secretariat). He has great influence in the secretariat.

Antonio Barreto—responsible for the Department of Education, Science and Culture, he is an "outsider" in the secretariat, having returned to the PS without integrating himself into the groups already formed at the time. He provides numerous suggestions and criticisms. He has good relations and considerable influence with the PR.

Antonio Vitorino—responsible for the constitutional revision and for legal affairs. After arriving from Macao, where he was in the government, he joined the secretariat and began to work in the area of constitutional revision. He is pointed out for preliminary negotiations with the PSD.

Elisa Damiao—responsible for the Women's Department, extremely active since she won the question of the 25 percent in Congress and in [the Ministry of] Labor. Her influence lies in the fact that she is national secretary of the UGT.

Joao Cravinho—responsible for economic affairs, he is one of the most active members of parliament, but is not always in complete agreement with Constancio, despite his being a supporter of the secretary general.

The Sectoral Heads

Arons de Carvalho—responsible for social communications, he heads that department, with Antonio Manuel being head of the press office, advisor to the parliamentary group and advisor to the secretary general himself. Jose Manuel Vilaca, director of "Socialist Action," is

simultaneously head of Constancio's office. Despite being one of the founders of the PS, Arons de Carvalho's political influence is primarily limited to his own area.

Ferro Rodrigues—also a UGT man, very close to Joao Cravinho and to Constancio. He came from the "New Left" and is responsible for social policy. Despite being new in the secretariat, he was "shadow" labor minister.

Julio Miranda Calha—responsible for associationism and cooperativism, and has always been considered one of Gama's men.

Lopes Cardoso—responsible for the autonomous territories, where he has encountered some difficulties. In any case and despite his movement into the UEDS, he is one of the men most knowledgeable of the party.

Luis Filipe Madeira—a distant secretary, since he is responsible for the European Parliament, where he is a deputy.

Manuel dos Santos—a PS administrator and member of the Oporto Federation (where he is influential); he is particularly close to Guterres. His work has been that of compiling an inventory of the PS, and in general he is well-liked.

Antonio Costa—the youngest in the secretariat, also of the Electoral Studies Office. Very close to the secretary general and to Jorge Sampaio, in whose office he served a law internship.

The New Arrivals

Edite Estrela—responsible with Antonio Costa for the Electoral Studies Office, an activist in the Women's Department and an organizer of the meeting on culture (as she forms a part of that area in the Office of Studies). She is well known but not very influential, if only because this is her first time in the Secretariat.

Maria do Ceu Esteves—an economist and colleague of Constancio, responsible for European and EEC affairs; this is her first time in the Secretariat, and she is probably also in an adaptation phase. Like Ana Maria Bettencourt she is little known in the party.

Ana Maria Bettencourt—one of the surprises of this secretariat. After years in the Office of Studies she is responsible for training of militants and collaborates in Education with Antonio Barreto. She is in the process of being integrated into her new role.

PS Seen Suffering From Intellectuals' Leadership

35420079a *Lisbon EXPRESSO in Portuguese*
30 Apr 88 p 3

[Article by Jose Antonio Saraiva]

[Text] The Socialist Party's biggest current problem is that it is basically led by intellectuals.

In fact, from Vitor Constancio to Jorge Sampaio—and including Jaime Gama, Antonio Barreto or others who, like Brederode Santos, have played an influential role in the leadership of the party—there have been many PS leaders with more of an “intellectual” than a “political” calling.

This begs the question of whether a clear distinction exists between intellectuals and politicians.

In fact, one does exist: Intellectuals (as opposed to politicians) are more given to reflecting on problems than to solving problems.

That is, they prefer speculation to action.

The intellectual calling of PS leaders has two types of consequences.

The first involves the relationship with reality—the other involves language.

The direction of socialism frequently involves an approximation to reality that is not that which is most important to the average citizen—as a result, the form with which the PS chooses to present certain issues to the Portuguese is often not that which interests the majority.

Furthermore, the language used by principal Socialist Party leaders is not simple, direct or effective.

Constancio realizes this.

It has been noted that he makes a continuous effort to make his speeches incisive and “accessible.”

The problem with these efforts is that because the resulting discourse is not spontaneous, it often sounds false.

When the new team took over the PS, it was said that it had several advantages: it was more serious, less political (in the sense that it was less given to browbeating) and better prepared culturally than before.

All this is true.

But it is also true that the former Socialist Party leadership team had at its helm a man whose indisputable instinct for political survival led him to say and to do what was necessary at the decisive moment: Mario Soares.

That instinct has been lost.

And even though that which was “good” and “healthy” in the PS has floated to the top above the “bad,” what is certain is that the elements that maintained good relations with the voters have been lost.

The relationship the current leaders maintain with voters is difficult, tortuous and tormented.

That explains the fact that union leader Torres Couto is more popular with voters than the most popular PS leader.

In the face of that, I think it will be very difficult for the socialists to greatly increase their number of votes.

I even believe—though it is impossible to prove—that the PS' current percentage is excessive with respect to the spontaneous support that the party commands.

That is to say that there are many voters who have voted, and will continue to vote for the Socialist party, not because they are enthusiastic about what its leaders say, but only because they oppose Cavaco Silva and believe that a vote for the PS is the best way of expressing that opposition.

13026/7310

PCP Official on Party 'Crisis'

35420079c *Lisbon EXPRESSO in Portuguese*
30 Apr 88 p 29

[Text] The PCP is passing through “a crisis of recognizing our country's reality, a crisis of adapting to a reality that, in various aspects, has changed.” Thus Barros Moura, Portuguese Communist Party militant, European Parliament deputy and union affairs specialist, defines the current situation of his party.

In an interview on the “Grande Juri” program on TSF that will be broadcast today at noon, the recording to which EXPRESSO had access, Barros Moura does not reject the word “crisis” in describing the PCP's current situation, admitting however that “there is no living organism that, in order to progress and evolve, does not undergo crises and difficulties.”

The European deputy of the PCP also admits that “the entire series of events” that have come to be discussed in the press involving his party “does not facilitate its implantation into Portuguese society,” considering it necessary, however, to distinguish between “the guilt of the PCP itself and of its leadership” and “the faults attributable to political adversaries of the PCP who have taken advantage of the party's internal difficulties”—a fact which, meanwhile, he considers “normal, in a way, in a democratic regime.”

Regarding the secret ballot—one of the questions of internal democratization raised in the document of the so-called group of six—Barros Moura thinks that this method has been used, after the 25th of April, “in all aspects of political and social life” and “citizens have very much approved of it.” He admits, however, that the secret ballot will not lead to resolution of all problems.

It does not bother him either that, within the PCP, rivals to the current leadership have arisen, as has happened with the other political parties, insisting however that the fundamental questions that are now being put to his party will not simply disappear because of this. In his view, these questions arise essentially “as a result of a dialogue in which everyone participated in their capacity as party members with equal rights, and which permitted real problems existing in Portuguese society to be detected, as well as the direction in which Portuguese society was evolving.”

13026/07310

‘Group of Six,’ Seabra Case Continue To Affect PCP

Salient Points of ‘Six’ Document

35420085 Lisbon EXPRESSO in Portuguese
14 May 88 p 1

[Excerpts] The so-called group of six handed a new document to PCP Secretary General Alvaro Cunhal containing, among other things, comments critical of the way party leadership reacted to the proposals for reform.

Entitled “A New Contribution to Preparations for the Congress,” the recommendations sent to the Communist leader last 24 March—a copy of which is now available to EXPRESSO—include a series of suggestions, in response to an “appeal” made along these lines by the plenary of the Central Committee last 24 February.

Although the authors of the document asked that it be circulated to all members of the CC and that the proposals and ideas contained in it be explained to the militants, PCP leaders have up to now refused to make it public. Party sources disclosed to EXPRESSO that the Communist leaders would agree only to read out a few excerpts from the recommendations at the last meeting of the Central Committee (which ousted Zita Seabra from the Political Commission).

One of the most important suggestions made by the “six” in connection with the forthcoming Congress is the principle that “the CC should not approve the pertinent regulations without previous and full discussion by the entire party. In the view of the reformists, the “norms” and “recommendations” already approved by PCP leaders “are likely to jeopardize the openness and democratic nature of the Congress.”

With regard to this point, the authors of the new document believe that the summit meeting scheduled for December “cannot be a meeting of party officials or directors, who after all were designated by the PCP leadership and imposed on or recommended to the organizations.” Invited to comment on the PCP leaders’ response to the new recommendations, none of the members of the “group of six” contacted by EXPRESSO would agree to do so. We can, however, report that at a recent meeting of officers Jose Casanova said that the idea of collectively signed documents “must end once and for all.” Following are some of the most important parts of the “new document of the ‘six’”:

- “One of the touchstones of the Congress’ democratism is in the selection of delegates and the rules guaranteeing the autonomy of the organizations.”
- “We do not see any democratic principle that could give credence to the rule according to which current CC members reserve the right to choose future CC members, without guaranteeing the possibility of other candidates.”
- “The Congress should of course not be reduced to a ritual, or an occasion to consecrate or glorify the line previously defined by party leadership.”
- “The attempt to condemn certain initiatives should be rejected(...) as an obvious demonstration of secrecy and authoritarianism, arising from an earlier stage we must now reject.”
- “Freedom of expression and communication within the party must obviously and necessarily presuppose the right of all militants to know the ideas of other militants and the right to defend and make known one’s own ideas.”
- “Allowing militants to have access to the ideas and proposals of other militants is not a bad thing. The bad thing is that they can have access to them only through channels outside the party.”
- “We cannot help but be extremely concerned over certain exaggerated reactions of displeasure at and condemnation of our earlier document (...), not to mention the public accusations of acts which could not with any reason be imputed to the accused (such as disclosure of the document to the press).”
- “One of the unquestionable rules of democracy is the ‘submission of the minority to the majority.’ But this presupposes the right to defend ideas without knowing in advance whether they are going to be majority or minority views.”
- “It is important not to miss the excellent opportunity the Congress affords to proceed with the essential reorganization and reform of the party into a great communist party, in the context of the current stage of democratization in Portugal, and of the economic, social, political and cultural transformation occurring in this country, and in the light of the new perspectives and recent experiences of other communist and labor parties (where ‘Perestroika’ is growing, the revolutionary spirit of which we invoke).”

"Those Who Play With Fire Get Burned"

Author Jose Saramago told EXPRESSO that he was "very concerned" over recent developments within the PCP. He had the following to say: "I am very concerned. People used to say that whom the gods would destroy they first drove mad. In this case, although we are dealing neither with gods nor with madness, there may be some sort of failure to use good judgment, which is clearly not well advised. Faith [fe] is one thing, auto-da-fe another. And history has shown that people who play with fire always end up getting burned. I would like to see less rashness and more reflection, less intolerance and more intelligence. Not to mention political sensitivity and human kindness."

Cunhal's Strategy 'Classic'

35420085 Lisbon EXPRESSO in Portuguese
14 May 88 p3

[Article by Jose Antonio Saraiva: "PCP: The Next Scenes"]

[Text] Zita Seabra's ouster from the PCP Political Commission has created the impression in some sectors—even those close to the communists—that the snowball that will shake the party's foundations has already started rolling.

In their view, the old guard headed by Alvaro Cunhal in a sense is, with this action, heading toward the precipice.

The reasoning is simple. The current situation of the Communist Party can be defined in three words: reform or death. If Cunhal had not opted for the former, he could only sit and wait for the latter to occur.

This way of looking at the question errs in its simplicity. In the first place, one must bear in mind that the PCP secretary general is an experienced man who, despite the difficult situation in which he finds himself, acts in a cold-blooded, rational and calculating way, not on emotional impulse.

This is important to remember, and it leads us to ask the following question: What is Alvaro Cunhal going to do now?

Is he going to retreat increasingly into his shell and wait for the controversy to grow, or does he have cards to play that will put an end to it?

We wrote in a previous article that if Cunhal has realized that the international situation requires the PCP to make certain changes, he cannot, therefore, say that these changes were forced on it by others. He must be the one to determine and initiate them. Now if this is the case, he could never tolerate the debate stirred up by the "six" and Zita Seabra—because of the danger that it might become public and that he might lose control over the situation.

Once the views of the "six" and of Zita Seabra were made known to the outside world, there was only one thing Cunhal could do: condemn them publicly and punish the person who held the highest position.

Up to here everything seems clear. And from here on?

From here on, the problems begin. Cunhal did not spare the dissidents, and they will certainly not be brought back into the fold; they will probably leave the party sooner or later.

This, however, does not mean that the secretary general of the communists has turned a deaf ear to their criticism and will not consider it in the near future. A number of the proposals they put forward will probably be discussed at the coming Congress.

The strategy is classic. First, divide; then nullify the arguments of dissidents by assimilating some of their views. In this way, the party can go back to sleep undisturbed.

The ones who went beyond the limits imposed by internal discipline were punished—as they had to be.

The ones who were quietly critical will no longer have strong reasons to continue their criticism.

The ones who were never critical will remain silent.

And Alvaro Cunhal will say in the end: Why did some people rashly take positions damaging to the party when everything (as we can see) could have been resolved peacefully without creating such conflict within our walls?

09805

FEDERAL REPUBLIC OF GERMANY

Survey of Guided Missile, Munitions Dispenser Developments

36200125 Bonn WEHRTECHNIK in German
May 88 pp 52-67

[Text] The number of guided missile programs in which the German aeronautical and space industry has a share in terms of development and production is surprisingly large. For the most part they are international projects; only the KORMORAN antiship guided missile can be named as a national program and the 2 dispenser programs MW-1 and vertical aircraft weapon which are also classified here as "guided missiles." In the development and production programs the dominance of the German-French armament cooperation is conspicuous, which—although with some difficulties—is now being expanded to Great Britain.

But in the meantime, the participation of the German industry in the missile systems that were developed in the United States and are being procured there for lack of Europe's own developments has become substantial in terms of volume. Here the goal, also supported by the parliament, is clearly recognizable: to produce these missile systems in Germany or in Europe as much as possible or to have a share in the production as part of an offset transaction.

Missile systems which are not to be introduced until the second half of the nineties are now being studied in a broad cooperation with participation of many NATO states—it remains to be seen whether this approach will lead to success. Probably only the financially stronger nations will be able to participate in the actual development work. The smaller partners will be included—see the PARS-3 program—only after the "big ones" are in agreement.

Surface-to-Surface Missiles

Milan

Of the Milan antitank rocket with its 2000 meter range, which has been employed by the forces since the mid-seventies, thus far 7,600 weapons systems, 200,000 missiles and 2,800 MIRA night vision devices have been produced or are on order. The Bundeswehr has about 2,100 weapons systems, 1,300 MIRA have been received since February 1987. The MILAN has been introduced in about 40 armies.

Milan is being developed and produced by Aerospatiale and MBB which founded the Euromissile for this purpose. Originally equipped with a 103 mm caliber shaped-charge warhead, in 1984 a more efficient warhead with a 115 mm diameter was introduced. The development of reactive armor plating made a further increase in performance necessary by a double shaped charge. On account of the great urgency, the staff target was approved very

quickly (French approval is still awaiting action) and following conclusion of the German-French agreement, which is in the process of countersigning, only a combined definition/development phase is planned, so that the improved ammunition can be introduced in 1992. The second shaped charge, the so-called pre-shaped charge, is to be placed in the Milan's barb. This charge is to detonate the reactive armor plating, so that the main shaped charge can penetrate the remaining armor plating.

HOT

The HOT antitank guided missile (4,000 meter range), as the Milan, was developed by MBB and Aerospatiale and since 1978 has been introduced in the Bundeswehr on 316 Jaguar 1 missile-equipped tank destroyers and 212 PAH-1 antitank helicopters. Thus far, a total of over 750 ground-based weapons systems and over 700 helicopter weapons systems as well as over 70,000 missiles have been produced. At present the weapons system on JAGUAR 1 is being made capable of night operations with an Eltro thermal imager (refurbishing starting in 1990), the same is planned for the PAH-1 starting in 1992. Moreover, the localizer becomes more jam-proof. The HOT is also planned to be the armament for the PAH-2 and the Panther, possibly in combination with the PARS-3LR. Just as for the MILAN, a tandem shaped charge is to be developed for the Hot, the pre-shaped charge is to be placed in the missile forward section and detonated after the suitable distance to the target has been determined by a special distance sensor. Introduction in the units of this improved warhead is planned starting in 1992.

PARS-3

As supplemental/successor system for Milan and HOT, the antitank rocket system of the third generation, PARS-3, is being developed in principally German-French-British cooperation. In mid-1986 the definition phase for it was concluded, an industrial bid for the development phase was handed over to the authorities in early April 1987. Signing of the trilateral memorandum of understanding for the development phase by Germany and France took place in November 1987 (simultaneously with the agreement on the PAH-2). Great Britain hesitated for a long time for financing reasons (and from the industry view stipulated "brutal fixed price conditions"), but it is expected that the country will join up in April 1988, possibly also because Germany and France, if need be, would have started the development by themselves. The industry contract, too, is to be signed in April.

The executive agency is a trilateral agency located in Paris, general contractor is EMDG (Euromissile Dynamics Group) with Aerospatiale, British Aerospace and MBB; in addition, a large number of in particular electronics firms from the three countries participate as subcontractors. Additional, so-called "associated" nations—Belgium, Greece, the Netherlands, Italy, and

Spain—are to participate following the start of development, thus starting about 1989-1990, on development and production. Two missile systems belong to PARS-3:

—PARS-3MR, as Milan successor system capable of night operations with a range of about 2,000 meters primarily for infantry employment, is to be introduced starting in the mid-nineties. The missile is guided to the target by a laser beam (10.6 micron).

—Even modern reactive armor plates are to be penetrated with a tandem shaped charge. The Bundeswehr needs about 400 weapons systems.

—PARS-3LR with a range of about 4,500 meters is the HOT successor for motor vehicle and helicopter uses against armored and helicopter targets. The fire-and-forget missile with imaging infrared homing head attacks the target from banking. The introduction is planned starting at the end of the nineties with the Bundeswehr on 212 PAH-2 and on about 400 tank destroyers/anti-helicopter combat vehicles Panther.

Polyphem

At present Polyphem is a technology program financed only by MBB and Aerospatiale, a beam waveguide-controlled missile system to engage armored vehicles at a distance of up to 25 km. The missile—in the successful 1987 flight tests a modified SS-12 was used, prior to that a Mamba—has a stabilized sensor in the nose (TV camera or thermal imager) whose images are transmitted to the monitor of the gunner by an optical wave conductor spooled out from the missile. Thus the latter can select targets or also change targets. Since he lacks a direct sight contact with the target, he is also less vulnerable. The complete image processing and target recognition equipment is part of the control equipment as a result of which the missile becomes relatively inexpensive. Operational equipment for a range of 10 km would be about 1.9 meters long and would have a span of 76 cm and a mass of 75 kg.

Neither in the German nor in the French Army is there as yet any staff target for such an antitank guided missile system. Polyphem would supplement PARS-3LR, a 4.5 km weapon with direct sight to the target, in upward direction and the army combat drone (KDrH) in downward direction.

The firms indicate as development costs with bilateral agency development the amount of about DM300 million, advanced production engineering would be possible by 1994 if the development would take place based on the successful demonstration program outside the material planning and procurement procedure.

Air Defense Rocket Systems

Stinger

As early as the spring of 1985 Dornier, with Diehl as cooperator, was chosen (over MBB/Bodenseewerk) for production of the U.S. infrared-guided manportable antiaircraft missile Stinger. Originally in addition to Germany also Belgium, Greece, the Netherlands, Italy, and Turkey wanted to participate in the program—but the only ones left over as partners now are Germany, Greece, the Netherlands, and Turkey, while Belgium and Italy in the meantime decided in favor of the French Mistral.

To start with about 12,000 missiles, including about 4,400 for Germany and, at any rate, 4,800 for Turkey—the production shares of the national industries approximately correspond to the respective armed forces requirements. The 4-nation government agreement for the production was supposed to have been concluded by the end of March 1988—but the deadline was postponed once again on account of Greek hesitation. Parliamentary discussion of the German procurement project is planned for May 1988. Then delivery could take place starting in 1989/1990 and Diehl will take care of the final assembly of the missile under Dornier as the general contractor. The Bodenseewerk supplies the infrared homing device.

In the Bundeswehr the Stingers are to be used in the Army in the version of Stinger Post with infrared and ultraviolet homing head as Fliegerfaust 2 (infrared-guided antiaircraft missile) on escort and protection helicopter BSH-1 (modified VBH), PAH-2 (together with HOT and PARS-3) and probably also on the Panther (together with HOT)—but no longer as infrared manportable antiaircraft missile Fliegerfaust 2 to replace Fliegerfaust 1 Redeye. In addition, the Navy wants to employ the Stingers on ships and boats; the Air Force also plans to use them for protection of objects.

Undoubtedly, the range of use of this missile, with which starting targets can be engaged, will gradually increase in Europe so that the production program is likely to reach a value of DM2 billion.

At present the trend is to offer the European production to the United States as "third source" in addition to General Dynamics and Raytheon. But this means that the Europeans must immediately offer the guided missiles at a competitive price and that with roughly 30,000 missiles already produced in the United States and a low dollar rate of exchange!

Roland

Roland as an all-weather guided missile system against air targets at low and medium heights has been introduced with 140 units in the German Army on the Marder tracked chassis. Being delivered to the Air Force

and the Navy are 95 and 20 systems, respectively, on MAN trucks for the protection of objects and 3,900 and 800 missiles, respectively, for roughly DM3 billion. The first associated Roland air defense command post (FRG) developed by AEG, was shown at the end of March 1988. It is supposed to coordinate the employment of Roland and other air defense weapons on air fields. The Air Force's Rolands are also being used for the protection of 3 U.S. air fields in Germany. But Roland was less successful in the United States in competition for the FAADS army air defense system where, as a radar-based all-weather system, it lost against the not all-weather, more optically guided ADATS of Oerlikon/Martin Marietta (heard in the defense ministry in this connection: "It had to fight as a system from the seventies against the electromagnetic threat of the nineties"). But, nevertheless, thus far a total of 613 weapons systems and about 25,000 missiles have been delivered to, or have been ordered by, 10 nations.

Especially in view of the greatly increased electromagnetic threat and the greater mobility of the air targets, Roland is to be improved as part of an upgrading of its combat effectiveness. It is the aim of the defense ministry to accomplish this again together with France—but the green light from the other side of the Rhine is still missing. Nevertheless, industry—Euromissile with MBB and Aerospatiale—expects to receive the development order this year since the German military technological economic requirements have already been approved. Certain preliminary work has already been performed on the part of industry. Thus, at present, a new missile developed by industry with a range increased to 8 km and a stronger warhead (designation by the firms: Roland 3) has already been subjected to a government test—it could go into series production as early as 1989.

Patriot

The German Air Force will undertake the first Patriot launching with a "Germanized" Patriot system—in the United States at the end of April 1988 an important milestone on the road to the introduction of 36 Patriot launching units (12 of the launching units are operated for the U.S. Army in Germany). Patriot will replace the obsolete Nike-Hercules system (which was also nuclear capable). The costs for the procurement of 14 launching units (including 2 training units) and about 800 missiles are (depending on the rate of exchange) about DM4 billion. The United States will procure 12 additional systems to compensate for Roland.

Siemens is general contractor for adapting Patriot to German requirements. This work of adaptation includes VHF voice and data signals, SHF signals in the Patriot group, IFF of Siemens, loading the Patriot system on MAN trucks and new power supply with Lech motors. Moreover German industry is to supply subcontracting work in the production and utilization phase for about \$500 million (delivery contracts are in dollars, thus German industry bears the exchange rate risk); the main

share of the risk will be borne by MBB (about \$380 million). With MBB and the subsidiary Bayern-Chemie a second missile production line was established which will deliver the first missiles from German production within the next few months. By the end of 1989 a monthly rhythm of 36 missiles is to be achieved, production of 1980 guided missiles for international demand is supposed to be completed by 1993. Starting in 1990 up to 60 missiles a month are also to be serviced with MBB on behalf of the NATO logistics authority NAMSA.

The Patriot system will constitute the backbone of the ground-based air defense in Central Europe (Germany, United States, the Netherlands.) Italy also intends to procure the system. To be able to meet the future threat, which also includes ballistic and other missiles, extensive measures to upgrade combat effectiveness are planned. Thus at the end of February 1988 in the United States a Lance rocket and a Patriot rocket were destroyed in the air as part of tests to achieve an ATM (antitactical missile) capability, at least for self-defense. No later than this summer corresponding software packages for the Patriot systems in troop use are to be delivered; in a later phase the introduction of additional software changes, of an improved warhead, and of an improved igniter is planned.

Tactical Air Defense System

The Hawk air defense missile system, introduced by the Air Force in the sixties and meanwhile repeatedly more or less greatly improved, is to be replaced by a modern air defense missile system at the beginning of the next millennium—the modern system's German project designation is tactical air defense system (TLVS) but occasionally the former designation MFS (medium air defense missile system) is used. Since the Hawk replacement as part of the integrated NATO air defense is no purely German problem, consideration has been given for some time in several European countries and in the United States to a future air defense missile system under the general designation of medium surface-to-air missile (M-SAM), occasionally even in connection with SDI, but something which for the Europeans, especially for the Germans, does not appear to be acceptable for political reasons.

In the IEPG (Independent European Program Group) a European staff target (EST) for a future medium SAM system was adopted in early 1987; now a one-year concept definition study is to start in the spring of 1988 in which it is to be examined, among other things, whether such a system can or should be ATM/ATBM-capable, in other words whether it can also defend against missiles or ballistic missiles. Based on a memorandum of understanding now in the process of being countersigned, in addition to Germany also Belgium, France, Great Britain, the Netherlands, Norway, Italy, and Spain will participate in the IEPG study. For cost reasons alone, undoubtedly not all of these countries will participate in an M-SAM development.

The German share in this study—in which each country pays its own industry—is also part of a national 30-month concept phase after the staff target for an TLVS had been approved some time ago. The concept of this medium range TLVS is a mobile all-weather capable system with an all-around defense capability. It is supposed to be capable, even under difficult ECM and environmental influences to effectively counter the most varied threats from the air—also all kinds of unmanned offensive missiles up to a self-defense capability against tactical ballistic missiles. Against the background of a growing manpower shortage and a tight budget situation, a small manpower requirement for operation and maintenance and moderate lifetime costs are demanded. Work to date of a German working group of the firms of AEG, MBB (spokesman function), and Siemens, which was already done for MFS, led to a concept with a multifunction radar with electronic scanning for homing and fire control and a high performance missile with active homing head.

How a TLVS or M-SAM is achieved also depends on the desirable cooperation with the United States; there no uniform opinion has formed concerning the implementation, not even on the part of industry. For example, of Raytheon—the Hawk developer and supplier—it is known that the firm for obvious reasons prefers an even more far-reaching improvement of Hawk, while other firms think of a new development. In line with U.S. efforts to have the Europeans participate more in the burdens for a common defense, the opinion is even heard that M-SAM is to be developed by the Europeans in overall charge, but with U.S. participation.

The attitude of France, Great Britain, Italy, and Spain is also important. These four nations want to develop first—based on the French ASTER air defense missile now being developed—a sea-launched air defense system with a range of about 15 km (designation: FAMS—family of anti-air missile systems), from which a ground-based system with a range of about 30 km could be derived later on. Germany, on the other hand, primarily wants a ground-based system and attaches importance to ATM/ATBM self-protection capability in a second stage of development, something which the other nations, on their part, consider as less urgent. But to possibly arrive at a kind of modular system, Germany now has observer status in connection with the FAAMS work. But to complicate the whole thing even more: For the NATO frigate 90 the German Navy requires a modern air defense system, but here prefers not FAMS but more the NAAWS (NATO anti-air warfare system) now in the process of conception under the leadership of the United States.

Whatever may happen: There is a demand for a modern TLVS in Germany; development funds have been allocated in the 1989 Bundeswehr plan—but the whole thing must not become too expensive. As for procurement, it is to follow the Jaeger 90 (EFA). If that is not achieved,

then another upgrading of the Hawk combat effectiveness is probably inevitable—but money the Air Force would prefer to allocate to the TLVS.

High Energy Laser HEL

With funds from the research and technology concept but also with considerable participation of their own, MBB, Diehl, and Krauss-Maffei are developing a high-energy-laser experimental system, based on gas-dynamic carbon dioxide lasers, for the destruction of sensors and structures. This experimental system is to be completed in 1992. While MBB has the prime contractor action and is responsible for the high energy laser, Diehl works on beam control and forming, while Krauss-Maffei is responsible for vehicle and for radio location equipment. Should the experimental system prove to be successful, then a very quickly reacting air defense system with ranges of 2-3 km could be developed for the years after 2000—however, in the next few years a staff target would have to be written for such a system.

RAM

After a development that had started so full of hope—"only" existing missile components had to be assembled to make a new missile—but with a test that was all the more painful, 1987 was virtually the year of the RAM (rolling airframe missile): finally there was a satisfactory test firing, at the end of March the suspicious U.S. Congress was informed by the Pentagon that the road to success is being followed and that the German parliament gives its blessing to the procurement of the RAM naval missile system for defense against missiles. Germany is to procure 58 launchers for the fast patrol boats 143, for the frigates 122 and 123 and the 103B destroyers as well as 1923 missiles with a total value of DM1.65 billion. The Americans are planning to procure 30 launchers and 4,900 missiles.

Production of this missile system developed in German-U.S. cooperation attracts special attention: 70 percent of the total value of the missiles to be procured annually by the U.S. Navy and the German Navy are being assigned in competition between General Dynamics as U.S. general contractor (it also carried out the development) and the RAM System GmbH founded for this purpose by AEG, Bodenseewerk, Diehl, and MBB (dual sourcing); the annual division of quotas depends on the price difference between the 2 bids. For the time being the minimum quantity for each competitor has been set at 30 missiles a month. The remaining 30 percent is generally applicable U.S. equipment. The onboard systems are produced in German-U.S. coproduction with General Dynamics as general contractor and RAM-System as coproducer.

In the meantime, the Germans and the Americans have submitted their bids for the production lines. As for the German side, the division will be about as follows: with regard to the missile, BGT will provide the guidance and

control part, the infrared part and the servo part; AEG, the RF part; MBB, parts of the guidance electronics; and Diehl, the missile structure, while the propulsion unit will be supplied from the United States.

As regards the command and launch system, AEG delivers certain electronic components; MBB, the launch installation; and Diehl, the launch cell (guide) for the missile. In the United States the Navy itself takes care of the assembly of missile and the pod; in Germany it has not yet been determined whether MBB or the naval shipyard is supposed to perform this work.

Air-to-Air Missile Systems

Last October the definition phase for the ASRAAM short-range infrared-guided air-to-air missile ended—however, the development phase could not yet be started since the program is now in a very difficult phase. The development project is financed with 45 percent each by Germany and Great Britain, Norway has a 10-percent share. Because of a too high weight for the missile together with the missile support unit belonging to it, the United States in particular refused to import the missile system in this form. But the aim of this development had been to be able to employ the missile, of all existing suspensions, regardless of whether their design was analog or already digital—therefore the missile support unit adapter. Following hard negotiations with Great Britain—the RAF is more interested in a small, agile missile; for the Air Force, interoperability with the Americans is very important—the government representatives agreed on an integrated missile IMSL (integrated missile) in which the MSU is absent and thus considerable weight can be saved on the total system.

Whether the development phase can now be started or whether another interim phase is to be or can be inserted depends above all on the British who—not only in this program—encounter financing difficulties or “officially” have problems in prevailing with the new solution domestically. At any rate, the industry—Bodenseewerk and British Aerospace for this project combined in the BBG, Raufoss on the Norwegian side and Garrett from Canada (servo rotary actuator)—has been without contract and thus without money since last fall.

ASRAAM as a dogfight missile with imaging infrared homing head is provided for the EFA and is supposed to be ready for deployment about 1995—this target date could probably still be met if the program is quickly resumed. A failure would have dire consequences for several reasons, for, according to the memorandum of understanding on the family-of-weapons concept, the United States makes the AMRAAM technology available to the Europeans only in exchange for the ASRAAM technology, which could become void if there is no ASRAAM. The export successes which can undoubtedly

be achieved with ASRAAM—there is no comparable missile (perhaps except for MICA) on the world market—at any rate should argue for a continuation of the program.

AMRAAM

The AMRAAM air-to-air medium range guided missile AIM-120A is close to the end of development in the United States and has been in series production startup since 1987—at not inconsiderable prices. The developer, Hughes, is supposed to deliver in the first lot 105 missiles starting in the fall of 1988; the licensed producer Raytheon, 75 missiles—starting with the third lot the two manufacturers compete. As a result of the family-of-weapons concept agreed upon among the United States, Germany, and Great Britain a European licensed production without participation in the development costs is provided (the same applies to the United States as regards ASRAAM). For this purpose the coordinating British Defense Ministry as early as 1983 selected a European industry team consisting of AEG, British Aerospace, Marconi Defence Systems, and MBB. In 1987 the four firms founded the EURAAM Ltd with the aim of arranging a later European invitation for bids and production. Problems have now arisen because the U.S. firms ask for a 17-percent royalty for their own, nonstate development efforts, which would practically prevent European licensed production. The European firms hope to be able to get around this matter by giving the U.S. firms a share in the European production. The industry offer for a European production moreover is to be measured by the price of procuring an FMA. But to achieve that considerable efforts on the part of the European industry are required.

For the Air Force the AMRAAM project is very important since the missile is planned to be the principal armament for the F-4F, whose combat effectiveness has been upgraded, and later on is to equip the EFA. In Great Britain, the missile is intended for Sea Harrier and the Tornado ADV. The missile has an active radar homing head which, when employed over shorter ranges acquires the target immediately, over long ranges (about 70 km) does not lock on until the final approach phase after it has approached the target with inertial guidance and tracking from the aircraft.

Sidewinder AIM-9L

Series production of the infrared guided Sidewinder AIM-9L air-to-air guided missile in Europe—Bodenseewerk is the general contractor—runs out in the fall of 1988. In the meantime an AIM-9M even more immune to jamming has been developed in the United States but the Europeans did not receive rights for production under license. Thus the AIM-9Li was developed here, which exhibits substantially the same performance as the AIM-9M but requires only modifications to the guidance and control part of the AIM-9L instead of a completely

new construction. Bodenseewerk expects the series order by early summer of 1988, namely for Germany, Italy, and Norway—the British may also join this project.

AIM-9 JULI is a proposal of the Bodenseewerk to integrate the homing head of the AIM-9L in the AIM-9J/N/P Sidewinder versions that are still flown in many air forces, as a result of which they would get all-around fighting capability.

Development of the ground launcher for the AIM-9L, some time ago proposed by the Bodenseewerk for protection of vulnerable points with the Air Force, has been suspended after limited testing since a distant target prehomings device would have been required. The development will perhaps be resumed when ASRAAM is available—this missile does not require such a prehomings device.

Air-Ground Missile Systems

Maverick

Six European countries—Denmark, Germany, Italy, the Netherlands, Spain, and Turkey—intend to produce in Europe under license the Maverick air/ground guided missile equipped with imaging infrared homing head (IIR). In November 1984 a memorandum of understanding was concluded between the United States and Italy as lead country for the Maverick AGM-65D for antitank action. This was supplemented in July 1986 by an agreement for the versions F (against ship targets) and G (with heavy warhead against fixed targets such as bunkers), equipped with the same homing head. General contractor for the planned European production is the Selenia-MBB subsidiary EUROMAV, which concluded an agreement with the U.S. developer and producer Hughes on licensing and technical support. The total requirement of the European nations is around 4,000 missiles; an average per unit price of DM390,000 is being mentioned, but herein there is a parting of the ways at least in Germany since at the present dollar rate of exchange an FMS procurement at first glance would be more favorable. But what speaks against it is the gain in know-how for European industry, utilization of factory capacity, tax reflux, and also the political intention to assign the lead in a European program to Italy. EUROMAV now expects the letter of intent during the summer of 1988, the order itself early in 1989, so that delivery could begin starting 1990/1991. From the German side the following are to participate in the Maverick licensed production program: AEG, Bodenseewerk (infrared homing head), Leitz, Honeywell, LITEF, MBB, Moog, and Steinbock. The German order volume is in the neighborhood of DM340 million.

The TV-guided Maverick AGM-65B procured in the United States has been introduced in F-4 air wings of the Air Force. The AGM-65D is also to be used by the F-4, possibly also by the Tornado, which, however, would also have to be equipped to accommodate the missiles.

HARM

About 950 HARM AGM-88 antiradar guided missiles are being procured from Texas Instruments for the Navy and Air Force Tornados for employment against radiating ship targets and air defense radars. The integration of this long-range missile into the Tornado weapons system was taken care of by MBB; meanwhile the first Tornados equipped for HARM are available to the naval aviators. As a result of a barter agreement whose aim is to make possible a 100 percent offset by direct and indirect deliveries, some German firms also participate in the HARM production and this despite the low dollar rate of exchange. Among such firms is especially the Bodenseewerk which supplies roughly 80 percent of the propulsion control unit with control system, power supply, and other electronic modules, and that not only for the German HARM.

Modular Standoff Weapon

In various cooperative efforts within NATO many studies and demonstration tests were undertaken nationally and internationally regarding standoff missiles/dispensers. Dornier tested a free-flying dispenser designated as MOBIDIC (together with Aerospatiale), MBB and Matra a similar dispenser designated as Apache/CWS. Then there were studies for an SR-SOM, in other words a short-range standoff missile, and for a LR-SOM, a long-range standoff missile. In addition some nations had joined together for an inexpensive dispenser LOCPOD (low cost pod); in the United States a low altitude dispenser (LAD) program was pursued and Italian industry also tests a dispenser.

These approaches in part continue to be pursued, but in addition the efforts in the seven nations—Germany, Canada, France, Great Britain, Italy, Spain, and the United States—are concentrated on the project of a modular standoff weapon (M-SOW)—its German abbreviation is MAW.

The United States as host nation issued an invitation to submit bids for a government-financed 30-month project definition phase, whereupon two international teams were formed, each headed by a U.S. firm:

—General Dynamics with Dornier, Garrett (Canada), Aerospatiale (France), Hunting and GEC Avionics (Great Britain), Agusta and Selenia (Italy), Sener (Spain), and Brunswick (United States).

—Rockwell with MBB, BAL (Canada), Matra (France), British Aerospace (Great Britain), CASMU (Aeritalia and SNIA/BPD) (Italy), and CASA (Spain).

After one more revision of the bids whose prices were too high, a decision is to be made before September whether both teams or one team will receive the order for the project definition phase to be awarded this year.

Financially Spain and Canada want to participate in the program with 10 percent each, the other nations with 16 percent each. Because of the considerable costs for definition and later development, it is expected that possibly one or the other nation will not continue its participation or will go its own way. The latter is expected from France since Matra and Aerospatiale have submitted a bid of their own to the French Defense Ministry based on the Apache/CWS design of MBB-/Matra for a standoff dispenser (that can also be exported) with a range of about 50 km, which also meets the major requirements of the French air forces. In the United States, too, there are competing programs to M-SOW, but the intention there is to reduce everything "to a common denominator." Should the project definition phase be successful, it would probably be succeeded by the development phase in 1991 and it could be expected to be put in service starting in the mid-nineties.

It is an object of study of the project definition whether the planned modularity of the M-SOW can be shown, in other words three weight classes (about 700-1,000—1600 kg) for the following three versions:

—MAW-A with shorter range (about 30-60 km) against stationary targets such as airfields,

—MAW-B with longer range (160-250 km) against stationary targets,

—MAW-C with shorter range against mobile targets (tanks, vehicles).

MAW-A and B are to facilitate the employment of the TORNADO in the OCA (offensive counter air) role against enemy airfields in the enemy rear area—as a result the survivability of the aircraft is increased (different from the MW-1 it is not necessary to fly over the airfield) and in addition more distant airfields can be attacked—an absolute necessity considering the longer range of modern Soviet combat aircraft, which, to some extent, was used to transfer some squadrons deeper into the rear area. Substantial components of the MAW, which is designed very "stealthy," are supposed to be identical as much as possible, thus, e.g., rear part with propulsion unit or the wings. The middle part (payload module) will have different lengths depending upon its purpose and also the nose part will probably exhibit different avionics/navigation equipment; MAW-C probably constitutes the technically most difficult concept. Dornier, e.g., offers for all versions its ISS, an integrated sensor-navigation system, which scans the ground and compares the terrain profile thus obtained with known DLMS (digital land mass system) data and utilizes this information for exact navigation.

The MAW/M-SOW is to be employed by as many NATO carrier-based aircraft as possible, moreover all ammunition that is in existence and that is in the process of

development is to be used, including the MW-1 ammunition. On the German side, the Tornado is being considered as carrier (up to 4 MAW). The first to be achieved is likely to be the MAW-A as short-range version.

Antiship Missiles

Kormoran

The Kormoran 1 ship missile, developed and produced by MBB, since 1977 has been adopted by the German naval aviators—first with the F-104G, then starting in 1985 with Tornado as carrier. In Italy, too, this guided missile with active radar homing head is being used for the final approach phase, also with the Tornado. At present the combat effectiveness of the Kormoran system is being upgraded.

With the aim of improving the penetration depth into the enemy defense with the possibility of target selection and greater hit accuracy, of increasing the range and target effect and to reduce the maintenance costs in the utilization phase, a tactical target was established in 1978 for a complete upgrading of Kormoran 1's combat effectiveness, which led to the development of the Kormoran 2. In addition, the flight tracking system is to be digitalized, solid-state technology is to be applied as well as modern bus systems and a self-test capability is to be provided. The following took part in the development of Kormoran 2 under MBB leadership:

—MBB: autopilot, steering engine, power supply, warhead, cell, integration and final assembly of the guided missile as well as qualification and testing and development of the mission software,

—Aerospatiale: sustainer motor,

—Bayern-Chemie: booster motor,

—Junghans: warhead fuze,

—LITEF: strap-down pack,

—Thomson-CSF: radar homing head,

—TRT: altimeter.

After some difficulties in the testing, the development with industrial testing meanwhile has been completed for practical purposes, some work remains to be done on the mission software. The series preparatory contract is expected for April 1988; government and troop testing is supposed to take place this year, so that, following approval for introduction into service, series production can start in 1989.

ANS

Since 1981 the supersonic antiship missile system ANS (anti-navire supersonique) has been a German-French development project in which industry (Aerospatiale and MBB) has a substantial share with funds of its own. The government division of costs was 60 percent for France and 40 percent for Germany. In mid-1987 the definition phase was concluded with successful flight tests, now the start of the development is pending. MBB subsidiary Bayern-Chemie in competition with Aerospatiale developed for ANS a controllable solid-propellant ram-jet engine, but it is still awaiting final qualification, so that government as well as industry side decided, to start with, to go with the French liquid ram-jet engine in the development phase, so that ANS can be operational in the mid-nineties. The thrust-controlled engine provides the missile with a preprogrammed flying speed dependent on the flight profile. Thus ANS—depending on flight altitude and approach profile—achieves a range of over 200 km. The fire-and-forget system has an active target-selecting radar homing head; the ability to penetrate the enemy defense is said to be assured by the high flying speed (up to 2.3 Mach), by evasive maneuvers with high lateral acceleration and high jamming resistance.

ANS is designed as a ship-to-ship, surface-to-ship, and air-to-ship version and the Navy—it hesitated for a long time to continue supporting ANS—has primarily a need for the ship-to-ship version to replace the Exocet. Later on the Harpoons and Kormorans will probably be replaced by it.

In the ship-to-ship version the start takes place from the pod with two booster motors jettisonable after the burn, in the air-to-ship version the booster engine can be omitted for fast aircraft; with slower carrier aircraft two small booster engines are required.

Also possible appears to be a smaller helicopter-based version, ANL, for which possibly the solid-propellant ramjet engine could be chosen.

Dispenser

MW-1 Multipurpose Weapon

For the Tornado weapon system the so-called MW-1 multipurpose weapon 1 has been in production since 1984. Prime contractor is the Diehl/MMB subsidiary RTG; in addition to MBB and Diehl, which also took care of the development, other German firms participate in the production of MW-1, including Rheinmetall for submunition or Progress for the containers and also Italian firms participate in the program, since Italy also ordered the MW-1.

Thus the following were ordered: 1,000 units of the multipurpose weapon, divided into half for those of

main target group I (ammunition against armored formations, such as bomblet KB-44 and mines MIFF and MUSA) and half for main target group II (ammunition for attacks on airfields such as STABO runway bombs and a mixture of the MUSA, MUSPA, and MFF mines). The value of the latest order for 156 units of main target group I was DM293 million. Plans call for a total of about DM2 billion for MW-1 procurement.

Depending on altitude, programming, and type of ammunition, variable scatter areas result with bands between 200 and 500 meters wide and between 180 and 2500 meters long.

VBW Vertical Aircraft Weapon

At the end of 1983 MBB, then still in collaboration with Westinghouse, with VEBAL-Syndrome presented a novel aircraft weapon in the form of a pod: During low-altitude flight sensors automatically detect targets located below the aircraft, e.g., tanks and trigger the launching of ammunition aimed vertically downward, which destroys the target. This weapon, later on called vertical aircraft weapon (VBW) aroused considerable interest in the Air Force, first as armament for the Alpha Jet. But quick introduction which the firm had considered possible was delayed, also because of the necessary phase decisions (the VBW is still in the concept phase at this time). Successful flight tests, including the most recent ones in March with an F-4 and 2 VBW pods, proved the correctness and effectiveness of the concept; after all a large number of direct hits were achieved.

Each VBW pod has 3 sensors: infrared and laser (for measuring the geometry of the target) from Eltro and a radiometer from AEG. Thus a tank can be clearly identified on which then 1 of 18 rockets with shaped charge panzerfausts from Luchaire is launched. Since it impacts on the tank almost vertically from above, its effect is not limited by reactive armor plating which for the most part is designed against horizontally firing weapons. F-4 and Tornado are said to be able to carry two VBWs each time. Since the rockets are placed somewhat fan-shaped, an aircraft with two pods in low-altitude flight can cover a 50-meter-wide terrain strip from an altitude of 50 meters.

The special advantage of the VBW is that the pilot must not first recognize the target to attack it from the banking that would endanger him but that the action takes place completely automatically during the overflight.

12356

Advances in Military RPV, Drone Technology Surveyed

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[Text] Ignoring Israeli Forces for the moment, the Bundeswehr—if all the programs now in various stages of development are realized—may soon occupy a leading

position in the use of unmanned aircraft. Already in use for a number of years by five divisions is the Canadair-/Dornier CL-89 reconnaissance drone system which is scheduled to be supplemented in the beginning of the nineties—and which will later probably be completely replaced—by the considerably more effective Canadair CL-289 drone currently in serial production. While these drones follow a programmed flight path, the mini-aircraft KZO [KZO for "Kleinflugzeug fuer Zielortung" or remotely piloted vehicle [RPV] for target acquisition], the KDrH ["Kampfdrohne des Heeres" (Army combat drone)] and the DAR [drone antiradar] operate by remote control or approach their target—possible after an appropriately delayed flight in the target area—independently.

The RPV for target acquisition [KZO] should now enter the development phase. It is intended to perform target reconnaissance for the MLRS medium-range missile-launch system.

A tactical requirement has been established—but not yet approved—for the Army's combat drone, which means that the introduction of this RPV intended for antitank warfare will probably not occur before the second half of the nineties.

A RPV for the Air Force is the DAR, the development phase of which could begin this summer so that its introduction appears possible starting about 1993. The DAR is to be employed to suppress hostile air-defense radars in the corridors in which Tornados approach enemy targets.

Not yet included in plans is the free-flying GEFAMOS ["Gefechtsfeld- Aufklaerungsmittel und -Zielortungssystem"] battlefield reconnaissance and target acquisition system which Dornier has proposed to the Army as a replacement model for the, by now abandoned, ARGUS tethered rotor platform.

CL-289

The CL-289 drone is a joint Canadian-German-French venture. It was developed by Canadair and Dornier (with the share developed by the Federal Ministry of Defense amounting to roughly DM280 million or about 75 percent), while France funded the development of SAT's IR line scanner. The drone has been in serial production for the Federal Republic (11 systems ordered so far for corps and division artillery) and for France (three systems) since 1987 with a delivery date between 1992 and 1995. Excluding the IR line scanner, Dornier will handle about 50 percent of the work including final assembly of the missiles, completion of the drone front end, payload integration and responsibility for most of the ground station. The drone system is designed to be fully mobile and, therefore, requires considerable personnel and vehicle resources—analysis of the quantity of

information furnished by the drone alone requires five vehicles. The T117 sustainer is supplied by KHD's Aerospace Technology branch and the optical camera comes from Zeiss.

The CL-289 flight almost hugs the terrain. The IR scanner and the optical camera are activated at predetermined points, and line scanner data can be transmitted by radio to the ground station up to a distance of roughly 70 km (depending on flight altitude). Special emphasis is placed on rapid evaluation and dissemination of reconnaissance data—values of 30 minutes or less are quoted for the period between "drone above target" and "target data available to artillery."

An increase in combat effectiveness is already being considered. This could include increased range, integration of a radar sensor and reductions in personnel requirements by even more automation.

RPV For Target Acquisition (KZO)

The KZO is intended as an all-weather reconnaissance resource for the MLRS medium-range artillery missile-launching system for which the CL-289 will also provide target data. Dornier and MBB competed for the development contract (to extend to about 1992) having worked competitively on development phase [plans] until the summer of 1987. The bid for the development phase contract was delivered by both firms in the summer of 1987, whereby—aiming at a joint German-French development and procurement—MBB selected Matra as a partner after that firm had been selected by the French government as the French RPV developer. This only left Aerospatiale as a partner for Dornier (in the meantime Daimler-Benz, Dornier's parent company, has acquired a percentage of Matra). The "proper" French partner may have contributed to the fact that the MBB-Matra BREVEL (so-called after the two plants, Bremen and Velizy) proposal has been given preference by the German side. A final decision, however, depends on France's participation in the development phase; if necessary, Germany may risk taking this step alone. The Army is considering procurement of an initial lot of about 13 systems with 130 missiles and France is considering 5 systems with 100 missiles. Each system has two ground stations. Development costs are estimated at about DM500 million.

MBB will be primarily responsible for the flight vehicle and Matra for the mobile ground stations. The KZO is based on the experimental Tucan missile, which MBB has been testing for years with financial help from the Federal Government. The flying wing (with airfoil extended) is started by a booster from a launch canister, whereby a launch truck can carry several canisters. The booster drops off shortly after leaving the canister, after which propulsion occurs by a two-stroke cycle, two-cylinder engine. In flight (about 3.5 hours and more at an altitude of about 3,000 meters) KZO is guided by a

ground control station which can control two vehicles: one while employed, the other in largely programmed flight into or out of the target area. The flying vehicle is controlled by the ground-control station over a jam-free communication system (with a narrow-band antenna, data reduction and a bandspread/frequency agility process) and by means of a stabilized, high-resolution thermal image instrument, located in the nose of the KZO, which pinpoints the targets; target location occurs by means of radio navigation and comparison of the thermal image received at the ground station with a digital map. After its employment the vehicle is guided back to the vicinity of the ground station where it lands automatically by parachute.

The 8 to 12 μ thermal image instrument is being developed by Eltro/SAT; Philips Sondertechnik/TRT and Siemens/Thomson-CSF are competing for the jam-free data transmission system.

Drone Antiradar (DAR)

A concept phase for the Air Force's DAR saw competition between BGT (with a vehicle based on Boeing's BRAVE 200 RPV—now selected for the Seekspinner drone project of the United States Air Force), Dornier and MBB. Upon a special request from the armament department, a 9- to 15-month development phase was then omitted (however, proposals had been submitted by the firms in the summer of 1987) and Dornier and MBB were requested to submit a firm, fixed-price offer for the development phase and procurement; this request was complied with in the fall of last year while the Federal Office for Military Technology and Procurement was evaluating the development phase proposals. Omission of the development phase was explained by the fact that both firms were in possession of in part sufficiently tested equipment: MBB had the experimental Tucan flying device and Dornier the DAR which it had developed jointly with Israel Aircraft Industries (in the meantime the vehicle was successfully tested in Israel). Toward the end of March it appeared that Dornier had won the competition with MBB. However, the BGT Boeing proposal "may be" an alternative but probably only if the firm's proposed development costs were confined to the "Germanization" of the Seekspinner.

The cost of the development phase would be approximately DM130 million and of procurement just under DM1 billion for the German requirement of roughly 4,000 units. There is some chance that Great Britain will also participate in the program since it has similar requirements. A final decision on the form of participation (possibly also in the broad-band radar search head developed by Marconi for the MBB proposal) is expected in the fall of 1988.

A DAR system consists of a ground-control station and a launch vehicle with—depending on the proposal—12-20 RPVs which are started with a booster. The RPVs fly alone or in clusters along a preprogrammed course into

the target area to acquire emitting targets by a broad-band antiradar search head while in hovering flight. The targets are then dived on and destroyed by a warhead.

With this DAR—scheduled to be introduced about 1992/93—the Air Force wants to contain enemy air defense to allow Tornados to penetrate and attack targets with the MW-1, initially in overflight and later, with remote modular weapons, from a distance. This calls for a long flight time (more than 4 hours) and a long range for these expendable vehicles.

Dornier is offering its delta-wing, developed jointly with Israel—the search head is from Texas Instruments—which is fitted with two extendable sidesteering power controls for the nosedive. MBB (search head from Marconi) is offering a Tucan-based cruciform wing vehicle whose wing unfolds after the canister launch.

Army Combat Drone

Far behind the KZO and DAR in its development is the all-weather Army combat drone, at one time also called antitank drone [Panzerabwehrdrohne (PAD)] in accordance with its mission. A certain amount of preliminary work was done by Dornier and MBB, a tactical requirement has been established but not yet approved. The introduction of this vehicle, which in its mode of operation resembles the DAR, is planned to begin about 1998; possibly earlier, however, if the opinion—supported primarily by the Army—prevails that the weapon be initially introduced with lesser performance capabilities which would be upgraded later to reach its planned combat potential.

The combat drone is intended to destroy armored targets, especially those beyond the range of the MLRS, that is to say in the range between 35/40 km to about 100 km. The combat drone, weighing about 100 kg and controlled by a ground station, is launched into a target zone in which approaching tanks have been noted. There, for example, the drone flies alongside previously reconnoitered targets on roads on which there are tanks, or it searches the ground for targets from a meandering flight path at an altitude of about 1,000 meters, on which it dives (MBB concept) or against which search-fuze ammunition (Dornier concept) is employed in overflight (up to three targets can be attacked in this manner). These expendable devices will be equipped with millimetric-wave search heads for ground scanning and target recognition, possibly supplemented by IR-CCD or laser radar. Development costs for this device are expected to be in the vicinity of DM300 million; requirements call for some number above 4,000 at a cost per item of about DM250,000.

GEFAMOS

GEFAMOS is the designation coined by Dornier for a battlefield reconnaissance and target acquisition system as a successor to the Argus tethered rotor platform or the

free flying PRIAMOS (Primaer-Aufklaerungsmittel und Zielortungssystem [Primary Reconnaissance and Target Acquisition System]) as suggested by Dornier after cancellation of the Argus project. While Argus, just like PRIAMOS, tended to emphasize primary reconnaissance, GEFAMOS limits itself more to secondary reconnaissance (target reconnaissance) now that the Air Force has become responsible for primary reconnaissance.

With its own funds Dornier is now planning to build a demonstration launch vehicle for an initial flight in the summer of 1989. The American QH-50 helicopter drone (formerly used as a torpedo launcher) is supposed to be used as the aircraft; for the radar sensor, France will make available a radar sensor derived from the ORCHIDEE system (helicopter PUMA with battlefield radar)—the ORCHIDEE radar in turn is an advanced version of the radar used by ARGUS. The GEFAMOS aircraft has a mass of about 1,000 kg; its reconnaissance range at an altitude of about 3,500 meters is about 100 km. This makes it more effective than Argus which, as a 300-meter-high tethered platform, at ranges above 40 km had an insufficient radar angle of incidence and consequently caused excessive radar masking.

The question now arises to what extent the Army, after the CL-289 and KZO, can still finance a third reconnaissance resource.

12628

Luftwaffe Chief Sees Role for Reservist Combat Pilots

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[Interview with Lt Gen Horst Jungkurth, Air Force Chief of Staff, conducted by Inge Dose-Krohn; date and place not given: "More Responsibility for Reservists"]

[Text] [Box] With the Bundeswehr planning, sweeping changes are coming to the Air Force as well. In an interview with "Loyal," Lt Gen Horst Jungkurth, air force chief of staff, explained how he will guarantee in the coming years that his military service can continue to perform its tasks.

[Question] The Air Force is being restricted, more and more, to an equal degree in the personnel and material areas. Notwithstanding that, what possibilities do you see for maintaining its operational capability?

[Answer] In the "personnel" sector, our strategy is founded on three pillars. In the first place, we are reducing the loads on the soldiers during their duty time. Where this is not possible, we strive to compensate through planned free time. Ultimately, soldiers with an unchangeably high duty-time load will be individually compensated financially. In our view, such an organization of duty time is a suitable means of keeping the Air Force attractive and of being able to use it as a means of publicity.

Second, we emphasize intentions and measures that with incentives such as, for example, enlistment and reenlistment bonuses or courses of training approved for civilian occupations should help to make better use of the personnel potential even in competition with trade and industry.

Third, our planning provides for a substantially greater involvement of the reservists. For the Air Force, it is thereby not just a matter of covering the future reduction of the regular soldiers by about 10 percent of peacetime strength through reservists. Rather, it is aimed at combining reservists and regular soldiers into an organizational whole by taking into account such factors as operational readiness level and reaction capability and endurance in the units and formations.

This personnel part of the planning is supplemented and overlaid by the procurement planning. We assume that the time between the generations of weapon systems will increase further. Nevertheless, if the potential of modern technology is to be fully utilized, future systems must show growth potential. This limits procurement costs and permits performance adaptations during their lifetime.

In addition, modern technology supplements the other attempts of the Air Force to reduce the manpower requirement. Just as we freed personnel with the procurement of the Roland and Patriot, despite an increase in firing units and conventional combat capability, the planning for the fighter aircraft of the 1990's aims at a reduction of the manpower requirement. A 15-percent reduction is sought relative to today's level for the F-4 formations.

[Question] What kind of structure will the Air Force have to have through the year 2000?

[Answer] The decline in active personnel will also effect our structure. Here, to be able to meet the set tasks in the future as well, we will also have to rely on reservists to a considerably greater degree than heretofore. We will thereby open up areas that have previously been closed to reservists. This is also true for command positions. I see a way to maintain the reaction capability of my military service in an increased utilization of the standby readiness—for example, as a second combat crew for the Roland weapon system or in the scope of the restructuring of the air base groups at airfield headquarters.

Basically, the structural division of the Air Force into the three elements operations, operational support and central tasks has proved itself and remains in effect. Nevertheless, we are not spared reequipment and reorganization. The objective thereby is to push rationalization even more intensively and to invest in manpower-saving technology. The establishment of a special department for personnel, training and reservist affairs in the air force office was done, for example, to make greater use of reservists in the Air Force.

[Question] You spoke of the restructuring of air base groups at airfield headquarters. What does this involve?

[Answer] The Air Force must cope with a reduction of about 12,000 regular soldiers in the scope of its structural changes. That is a full 10 percent that must be saved while maintaining the entire spectrum of responsibilities. In the current structure, after all, the air base group is, comparable with the battalion level of the Army, one of the organizational elements of the operational air wings. Heretofore, it has mainly dealt with such tasks as transportation, airfield security and guard functions and thereby was primarily manned with regular soldiers.

That has changed in recent years in that the air base group was given equipment units in the framework of the increasing importance of its existing tasks. That is, in a state of defense with reservists it would increase almost to the size of an air wing today—which has about 1,500 to 1,800 men. The problem is in how such a large unit could then be led at all with a command staff set in peacetime, for which no reinforcement was foreseen in the state of defense.

Thus, the term air base group no longer meets the essence of the tasks. They are now on a very much broader basis than in the past, with a very much higher share of reservists and a very much larger number of individual units in the air base group. Hence also the correct renaming in airfield headquarters.

[Question] Where overall can you thereby employ reservists and how high will the share be that you need?

[Answer] The Air Force, as a military service that is obligated to a permanent commitment, has heretofore emphasized the regular soldiers. In the future, it will increasingly be a matter of also employing reservists where the Air Force has previously preferred to use regular personnel. We will thereby have to examine all areas and technical activities, including those for which special licenses are required.

The provisions to be observed in this connection—requirements for a periodic brushing up of knowledge and renewal of licenses, for example—set limits, the overcoming of which require further investigation. In the future as well, in the employment as reservists, it is important to make more profitable use of the qualified training of our air force soldiers as well as of the knowledge and skills that they acquired during their active duty time. Here the oversupply in past years may have made us somewhat too generous at times.

Today's 700 reserve training areas will increase to about 2,000 by 1995. This will not only result in an increased reserve training load for our reservists but will also represent a challenge for our formations and units with their regular soldiers.

These figures illustrate not only the growing share of reservists in the defense effort but also underline their increasing importance for tasks that determine the operational readiness level and reaction capability of the Air Force. Such areas as security and antiaircraft defense, restoration of combat facilities damaged by enemy actions, and securing of medical services will remain focal points for the employment of our reservists. The considerations of the Air Force are aimed, however, at improving the viability of today's equipment units through a combination of regular soldiers and reservists at all functional and command levels.

[Question] Operational tests with reservists as jet aircraft pilots were performed. Will the Air Force have "pilots of the reserve" in the future?

[Answer] As a matter of fact, it is planned to utilize the experience and skills of aircraft pilots and weapons system officers for another 3-5 years in an application as reservists after their service time in the Air Force.

The Air Force is thereby relying on the positive experiences with former reserve pilots that were gained since the end of the 1960's primarily in applications in transport aircraft but in individual cases in combat aircraft as well. The experiences of other states also strengthen our intention to maintain the flying skills of reservists in peacetime so as to have adequate manpower in these operationally important functions in a state of defense.

[Question] Will the new reservist concept meet the requirements of the Air Force; and conversely: can it fulfill the tasks set for it with respect to reserve soldiers and what kind of motivation do the regular soldiers have in this connection?

[Answer] I am convinced that the application of this concept, for the Air Force as a planning basis and guideline to maintain the operational readiness of personnel in the 1990's through the increased use of reservists, will take into account the requirements of the Air Force. Through a close involvement of the reservists in the operational mission of the formations as equal partners of the regular soldiers and through an opening up of all service areas, it will also be possible to meet the needs of the reservists in the Air Force. Two quite important aspects thereby are, for one thing, that the training for the slot as a reservist is undertaken during the regular service time and, for another, that the proficiency training after the military service takes place in joint exercises with the regular soldiers.

I assume that the importance of the reservists for the preservation of the high combat capability of the Air Force is increasingly known to all regular soldiers. In this respect, I see no potential problems of motivation for the Air Force.

It is also true that the sense of belonging and integration of the reservists is greatly promoted through a close linking of the reservists with the regular formations.

[Question] What will be the main tasks of the air force in the future?

[Answer] In the case of the combat tasks, the defensive and offensive fight against enemy air forces doubtless have priority. We and our allies must ward off attacks from the air and thus establish the precondition for the operational freedom of all of our own forces. This task also aims at the protection of the population and civilian facilities. For the Air Force, therefore, the conversion of the ground air defense to the anti-aircraft defense missile systems Patriot and Roland, the combat effectiveness upgrading of the F-4F Phantom, and its replacement through the fighter aircraft of the 1990's have priority. But the fight against the enemy ground forces in the depth of the area has also become more important. Because of the relatively narrow width of the field of combat, the adversary will be forced to bring his forces forward in echelons. Here it is important to take away the impetus of his attack through the early engagement of the follow-up echelons and to give our own forces effective relief. With their flexibility for rapid concentration of forces over great distances, air forces are the appropriate means for this. In the future as well, I see no realistic alternative to this.

[Question] In the scope of the Bundeswehr planning, as Defense Minister Woerner stated, the Army is to be given the capability for autonomous conduct of operations and the task "air support" will not apply for your military service. Do you, yourself, not see that continuing as a tactical responsibility?

[Question] Here one must distinguish two things that were somewhat abridged in the minister's summary statements to the press. We have examined whether within our three military services we have unnecessary overlapping in addition to overlapping for which there is a compelling need. We thereby discussed under national planning aspects the question of up to what distance forward the three German corps are to be given the capability of acting in the scope of their task of forward defense.

We then came to the conclusion that in the long term the Army should be enabled to wage combat with the weapon systems to a depth of up to 100 km, whereas the Air Force acts—as before—primarily in the depth of the area in the task "follow-on forces attack." In the future as well, moreover, the Air Force also retains the capability of continuing to support the German Army at points of main effort in certain operational situations on the basis of the assessment of the competent NATO commander.

In the scope of the combined defense, the German air forces support not only the three German corps nationally but in the future as part of the air forces of the alliance naturally must also retain the capability of supporting the allied ground forces at points of main effort in the action at the judgment and directive of the NATO commander. Thus the task of the Air Force to support the ground forces remains in effect.

The Air Force planning is aimed at a consistent fulfillment of these tasks under the given basic manpower and financial conditions. In the future thereby, it will no longer provide for a specialization of weapon systems in the air attack.

[Question] Will there be a different or supplemental role for the Tornado besides the fact that it replaces the F-4F Phantom in the fighter bomber role? For this purpose, must more Tornados be procured and, if so, how many? What will become of the Alpha Jet?

[Answer] With the Tornado, the Air Force has a weapon system with scarcely surpassed operational effectiveness over a broad spectrum of tasks. At the present time, then, the replacement of the F-104G Starfighter is being concluded. Another 35 Tornados will be delivered to suppress the enemy air defense and for air reconnaissance.

Besides the Phantom, we are employing the Alpha Jet in the air strike role. We have foregone an upgrading of combat effectiveness in favor of a supplemental procurement of the Tornado, which can cover a considerably broader spectrum of tasks and yields a substantial gain in flexibility. In addition, there is the need to replace the Phantom, to the extent that it was used for the air strike. The planning therefore foresees a procurement of additional Tornados. For the fulfillment of the tasks of the Air Force, even if the operational requirement is still not met, this results in an advanced development suitable to the threat and strategy in accordance with the deterrence concept.

The Alpha Jet can continue to be employed even without an upgrading of combat effectiveness. Through its use in the operational system and in holding down the enemy air defense, we will be able to compensate for weaknesses. This also corresponds to a basic requirement of the Bundeswehr command: strengthening of the operational effectiveness through a combination of systems. If need be, we want to allocate Alpha Jets freed through conversion to heavy air wings. We are checking—everything has not yet been fully considered—whether the useful life of other weapon systems in the formations cannot be increased substantially by allowing the pilots to use the Alpha Jet to fly the part of the flying hours that do not necessarily have to be flown with the Tornado.

[Question] As a kind of real-simulator?

[Answer] Yes, something like that. Above all the Alpha Jet is substantially more advantageous in operation. It is the most cost-effective aircraft that we have. And under some circumstances it would thereby help to lower the operating costs in the other formations. That is now being investigated and we will have to wait for the results before making decisions.

[Question] The joint project "Jaeger 90" is also a financing problem. If you now had to do without it, what would replace it?

[Answer] Fighter aircraft are employed in the integrated air defense. With a balanced combination of air defense missile systems, it protects the total area of the FRG against air strikes, supplemented through measures in the protection of facilities and installations. Fighter forces thereby have the task of strengthening the protection flexibly and in focal points, to secure the flanks and to close the gaps in the ground-based defense. This is possible only with fighter aircraft that can repel a numerically far superior adversary with great firepower, the capability for large-area massed concentrations, and a great ability to prevail.

Fighter aircraft cannot be replaced with ground-based systems. Besides the mentioned operational considerations, the costs for material and manpower also speak against this.

The Air Force is currently operating the weapon system F-4F in the fighter role. The planned combat effectiveness upgrading can maintain the operational effectiveness of this aircraft for only a limited time. In addition, the lifetime of this system, which will have been in service more than 25 years when replaced by the "Jaeger 90," is limited to only some 10 years.

We, therefore, have a need for an efficient fighter aircraft for the future. With a lifetime of at least 25 years after introduction at the end of the 1990's, it must have enough growth potential to be able to meet the qualitatively rapidly growing threat. This is not possible with a model available on the market, even if it were to be further developed. There is no alternative here, as numerous investigations have shown. The requirements of the air forces cannot be fulfilled with alternatives at lower or equal costs.

An abandonment of the modernization of the fighter share in the integrated air defense would have far-reaching consequences for all armed forces in the alliance and for the overall defense of the FRG. The new fighter fulfills the task for all in that it contributes substantially to the establishment of freedom of operation. Thus I do not see that the Air Force has any alternative to the JF 90.

Overall, I see its planning as an instrument oriented in reality to master the constraints that you mentioned and to maintain the operational capability of the Air Force at a high level.

9746

FRANCE

Nuclear-Powered-Carrier Construction Gains Momentum

35190064 Paris L'USINE NOUVELLE in French
28 Apr 88 pp 22, 23

[Article by Jean-Pierre Casamayou]

[Text] The startup of the construction program for the nuclear-powered aircraft carrier Charles de Gaulle will mean a flood of orders for French industry. And in the case of nonstrategic equipment, bidding will also be open to European competition.

The nuclear-powered aircraft carrier Charles de Gaulle is becoming a reality for industry. The year's first beneficiaries are FRAMATOME [Franco-American Atomic Construction Company] and Jeumont-Schneider: the Directorate of Shipbuilding (DCN), which is prime contractor for the program, has just awarded them the contract for building the 4,000-kW turbogenerators that will produce onboard electricity. Putting aside for the moment their battle for control of the Telematics Company, the two engineering firms will cooperate in supplying that equipment, with the turbine component being assigned to FRAMATOME and the generator component to Jeumont. Those two firms will soon be followed by others.

"The distribution of prizes will take place in 1988," says Michel Gaillard, who heads up the program for the DCN. "Most of our suppliers will be known before the end of the year." Michel Gaillard has every reason to be satisfied with the response to his invitations to tender. There is also satisfaction from the standpoint of financing, which is keeping pace. This year, he is authorized to commit 1.5 billion of the 9 billion francs that the aircraft carrier will cost. And another 3 billion francs are being added to that amount for study and research.

Overall, the cost of an aircraft carrier is divided into three equal parts: hull, propulsion, and armament. That adds up to 12 billion francs for 8 years of work.

The first purchases—part of the armament—have been made. In the case of weapons not specific to the aircraft carrier, the Navy is grouping its orders with those for materiel intended for other vessels in order to get the best price. Thomson, which is prime contractor for the defensive weapons system, has turned to all the traditional suppliers: Aerospatiale (32 Aster missiles) and MATRA [Mechanics, Aviation, and Traction Company] (12 SADRAL antimissile systems) for anti-aircraft

defense, and the CSEE [Signals and Electrical Enterprises Company] and the ESD [Serge Dassault Electronics] for electronic warfare equipment (decoys and jamming to counter missiles and radars). It remains only to choose the firm that will supply the SLAT (Antitorpedo Decoy System). That equipment will round out the protective measures adopted as part of the ship's design, examples being the reduction of its radar (shape of hull and island), acoustic, and magnetic signatures.

The basic material for the hull (plate, cables, and so on) has also been ordered. Half of the steel intended for use in its construction (about 17,000 metric tons in all) is already in Brest. Forty metric tons are being delivered every 2 days, and fabrication of the hull sections has begun. Some 450 subassemblies, many fitted out and ready to go, will be fabricated in the shops before the hull is laid down at the start of next year. Scheduled construction time: 2.5 years. For the Brest Navy Yard (6,900 employees), this shipbuilding job will represent extra activity (13 million production hours and 4.5 billion francs worth of activity) in addition to a work load that is already quite full due to maintenance work on the nuclear-powered ballistic missile submarines. That is why Joseph Tretout, head of the Directorate for Naval Weapons and Shipbuilding, wants to make more use of local subcontractors, who account for scarcely 6 percent of the navy yard's activity. He is therefore setting up an agency that will provide the local PMI [small and medium-sized industries] with better information and help them respond to invitations to tender.

But Breton and French industrialists will not be the only ones approached: Michel Gaillard intends to open up the bidding on some of the equipment and fittings (for the hull) to European suppliers. That is a first for a military program! The result is that piping and systems for fluid circulation or air conditioning (representing over 500 million francs worth of equipment) will be opened up to European competition. The head of the program says: "As the single [European] market in 1992 draws closer, the Ministry of Defense is also getting ready to open its frontiers. For our industrialists, this will provide an opportunity to rub shoulders with the competition and especially to adapt to international standards. I want them to beat their brains out!" The first example of this opening up to Europe is the radar, which will be produced by Thomson and the HSA, the military subsidiary of Holland's Philips.

The opening up will be limited, however, since the major share of the strategic equipment will be French. This applies especially to equipment related to propulsion and aviation. Propulsion is the responsibility of the Indret firm, which, in cooperation with Technicatome [Atomic Energy Technical Company], is building the two 150-kW nuclear boilers (the same as those used in the nuclear-powered ballistic missile submarines). Those boilers will produce the necessary steam for the propulsion system, the turbogenerators, and the catapult launching of aircraft. The chief firms cooperating in the

work, which will be spread over 4 years, are FRAMATOME and Neyrpic, and a technical feat is in prospect: the reactor and its containment (a 1,000-metric-ton block) will have to be placed in the heart of the aircraft carrier. Few cranes in Europe are able to handle such loads.

The carrier's propulsion is an important aspect of the work: two sets of turbines coupled to reducing gear will each drive a shaft and its fixed-pitch propeller. Bets are open as to who will get the orders. Indret and its chief partner, ACB of Nantes, still need subcontractors for the numerous circuits and pumps making up the unit. And the turbine supplier (FRAMATOME or Rateau-Alsthom) has still not been chosen. Nor has a supplier of the emergency electricity generating equipment (four 850-kW diesel generators) or of the two backup stations, which are also based on diesel generators. Competition is fierce between the SACM and Pielstick.

The installations for launching and recovering aircraft also constitute a small gold mine. Including all the various elevators, catapults, arresting gear, and landing aids, the total bill comes to over 600 million francs. France's chief engineering firms (Neyrpic, Creusot-Loire, FRAMATOME, ACB, and others) are in the running for the two side elevators (which have a capacity of 35,000 tons). And those same firms also want to participate in building the installations for catapulting and recovering aircraft. Those installations, which will be 75 meters long, must be able to launch aircraft weighing over 20 tons. But only the Americans have the necessary know-how. Following lengthy negotiations, France has managed to take responsibility for about 80 percent of the work, while the U.S. Navy is reserving for itself a few components regarded as critical.

Although it first saw the light of day 40 years ago, the technology of carrier catapults is still the "sticking point" in shipbuilding.

11798

Modernized Nuclear-Powered Attack Submarine Launched

35190066a Paris LE MONDE in French
15-16 May 88 p 11

[Article by Jacques Isnard]

[Text] In Cherbourg on Saturday 14 May, France launched its fifth nuclear-powered attack submarine, which should be operational at the end of 1991. Christened the Amethyste, this submarine has two distinctive features: it is a modernized version of the four preceding units, and it is a type that is being offered for export, particularly to the Canadian Navy.

With a submerged weight of 2,660 tons, this nuclear-powered attack submarine is the world's smallest submarine in its category. Compared to the class consisting of

the Rubis, Saphir, Casabianca, and Emeraude, which have been in service in 1983 or are about to enter service, the Amethyste was designed from the start with a view to the need to make its movements as quiet as possible. It must be capable of carrying out antisurface missions (that is, missions against surface vessels), as are its four predecessors, as well as antisubmarine missions (missions against enemy submarines). That capability makes it necessary to provide important modifications to the very construction of the new submarine as well as its equipment.

The acoustic unobtrusiveness of modern submarines is in fact a military imperative. That makes it necessary to develop technologies suppressing the vibrating capacity of the "hull girder" and the "sound bridges," whose effect during operations is to cause the elements of the hull or the onboard equipment to resonate like uncontrollable sound transmitters. To avoid detection from outside, apparatus, instruments, or pipes are suspended inside the submarine.

But those precautions are not enough. It is also necessary to prevent the sounds of hydrodynamic flow outside the hull from interfering with the submarine's listening and detection capabilities. The solution relies on new sonars whose adoption, in the case of the Amethyste, has led to further streamlining of the submarine's bow, making it different from the four current submarines, whose bows resemble a pig nose.

Lastly, the Amethyste will have more modern equipment for processing tactical information for the commander's use. This equipment resembles that already in service on nuclear-powered ballistic missile submarines such as the Inflexible.

Amethyste Against Trafalgar

On board this submarine, two 70-man crews will alternate with each other about every 3 months. They will serve the torpedoes and the SM-39 missiles, which are adapted to their new environment and derived from the surface-to-surface Exocet. The French Navy plans to build four units of this class, including the Amethyste, between now and 1997 and to refit the four existing units to the same technological standard as they are brought in to the Navy shipyards for regular maintenance and overhaul between now and 1995.

In Cherbourg, where the construction program for these attack submarines provides employment for 1 percent of the department's active industrial population and injects 250 million francs annually into the local economy, the launching of the Amethyste attracted many foreign guests, especially from Anglo-Saxon countries, among them Canadians.

Next June or July, the Canadian government should announce its decision as to who will supply its Navy with nuclear-powered attack submarines. The Amethyste's competitor is Great Britain's Trafalgar, provided that the United States authorizes the United Kingdom to export its submarine's nuclear technology, which is

American in origin, to Canada. In all, the deal could involve a dozen vessels for an amount of 8 billion Canadian dollars (about 37 billion francs). To meet that customer's needs, the Amethyste would have to undergo slight modification enabling it to patrol the Arctic and cut its way through ice packs.

11798

Admiral Outlines Future Naval Functions, Inventory

35190066b Paris *LE MONDE* in French
17 May 88 p 20

[Article by Rene Moirand]

[Text] Cherbourg—Speaking in Cherbourg on Sunday 15 May, where he was presiding over the annual national congress of the influential Federation of Retired Navy Officers after attending the launching of the Amethyste the day before (see *LE MONDE*, 15-16 May), Admiral Bernard Louzeau, the Navy chief of staff, spoke very positively concerning the place his service now occupies in the country's defense. "We are continuing to place our full confidence in nuclear deterrence, and we feel that nothing—whether chemical warfare or emerging technologies—can replace its effect of terror, just as Star Wars is not likely to weaken the effectiveness of its maritime component for a long time to come," the admiral explained, pointing out that in France's case, 80 percent of the strategy of deterrence is guaranteed by submarines.

Adm Louzeau, who was the first French Navy man to command the Redoutable, the first nuclear-powered submarine, claims that such a vessel cannot be detected from space: "All the processes based on heat, radiology, lasers, bioluminescence, and wake effects are only a remote dream. The submerged acoustic sensor is and will long remain the only available means. That is why we continue to pay close attention to the opponent's comparative progress in the field of acoustic detection and to reducing the noise made by our submarines."

Adm Louzeau also mentioned recent actions by the fleet and the Navy Air Force, saying that the Navy hoped to begin a series of six new strategic submarines of the Triomphant generation while also acquiring two nuclear-powered aircraft carriers and two more nuclear-powered attack submarines. He also said it would be necessary to acquire light frigates and surveillance frigates, oceangoing mine clearance vessels, and new weapon systems.

The Navy chief of staff acknowledged, however, that by 1991 the Navy would have no more than 120 combat and support vessels. He is hoping that in addition to the 6 strategic submarines and 2 aircraft carriers, he will be able to achieve a goal of 40 large vessels, 10 attack submarines, and 160 combat aircraft by the year 2010.

11798

FEDERAL REPUBLIC OF GERMANY

Greens Critical of Lafontaine

36200088 West Berlin DIE TAGESZEITUNG
in German 29 Mar 88 p 2

[Text] The Greens have voiced sharp criticism of the Prime Minister of the Saarland, Oskar Lafontaine, and his demand for a reduction in work hours without full salary adjustment among upper income groups. In a resolution passed by the party convention over the weekend, the Greens accused the SPD politician of inflicting "serious damage" on the trade union position in the wage disputes. They said that Lafontaine's proposals to reduce the "pressure to rationalize" by means of a moderate wage policy were "identical to what employers and the government parties in Bonn had been preaching for years." If the DGB [Deutscher Gewerkschaftsbund] (German Trade Union Council) were to accept the proposals, the Greens predict a broad weakening of the trade unions: "How is the DGB supposed to wage a credible fight against two-thirds contracts and job sharing, against part-time and "Kapovaz" contracts, if it adopts the term "pressure to rationalize" and campaigns for wage concessions?" The Greens do not consider "the frequent glib proposals for salary concessions by female academics and teachers" to be an alternative. Anyone who wants to fight against unemployment among teachers and for better school financing, "should instead oppose antisocial tax reform, subsidies, expenditures for weapons and large-scale projects."

The paper also states that the round of wage talks in the civil service by itself could have effectively led to a reduction in unemployment "by means of a drastic reduction in work time with full pay adjustment for the lower and middle wage levels." There were no further details, however, on what happens with the higher income levels and to what extent this position differs from Lafontaine's unacceptable request.

In a statement criticizing the Green's convention, which was distributed during the SPD executive session yesterday, Lafontaine expressed his regret that the Realpolitik wing in Ludwigshafen, with its demand for shorter work time and wage concessions on the part of those with higher salaries, had "unfortunately" been defeated. With the passing of this resolution, in the opinion of the leader of the Saarland government, "antiquated, orthodox positions" had prevailed, which were designed to console the unemployed with the "Never-Never Land of comprehensive social change."

9581/9604

FRANCE

Inflation Threat Assessed

35190067a Paris LIBERATION in French
20 May 88 p 3

[Article by Etienne Bertier and Martine Gilson]

[Text] Pierre Beregovoy, who intends to maintain purchasing power, is proclaiming that he has only one fear:

inflation. But all the experts agree: the current "slight inflationary drift is not serious." At least as long as things remain calm on the wage front.

Pierre Beregovoy would like to have us believe that if France were taking up again with its old demons, it would be behaving just as it is. Since his arrival at the Ministry of Finance, he has been proclaiming loud and strong that he has only one fear: the return of inflation.

It is true that the brutal disinflation which France experienced from 1982 to 1986 is over. In those 4 years, prices dropped from 9.7 percent to 2.1 percent, then bounced back like a ball to 3 percent, where they stabilized. It is true that the April price index was especially bad (0.5 percent), bringing the increase since the start of the year to an unexpected 1.2 percent. It is also true that in the rest of the world, inflation is again showing the tip of its nose. Finally and especially, it is true that the French have always been tempted to resolve the contradictions in their economy by applying the magic cure-all called inflation. They might try it again.

But does that make it necessary to cry "wolf"? The results for 1987 were no doubt worse than those for 1986, but last year the price of a metric ton of imported petroleum rose by 16 percent, whereas in 1986 it had fallen by 60 percent. The average jump of 0.25 percent per month that has been observed since the start of 1987 is therefore a reasonable result. Another reason for remaining calm: the sudden high fever during the first 4 months of this year (1.2 percent) is less than it was last year (1.7 percent). As for the bad index in April, 0.1 percent of it can be explained by the increase in tobacco taxes intended to finance part of the Social Security deficit. So much for the past.

As far as the future is concerned, "we must be vigilant on that front, both in France and elsewhere," Beregovoy reiterated yesterday.

The May index will have to absorb the rest of the rise in tobacco prices, that is certain. Also to be feared is a slight degree of pressure on the price of manufactured products due to the higher price of imported raw materials. When it comes to the rate increases sought by the EDF [French Electric Company] and the GDF [French Gas Company] and rejected by Edouard Balladur before the presidential election, the debate is more complex. At no time has Pierre Beregovoy said that they are inescapable. On the other hand, the fare increases scheduled by the RATP [Independent Parisian Transport System] and the SNCF [French National Railroads] are going to take effect this summer as usual. In short, none of those things give cause for worry. All the experts agree: "This slight inflationary drift is not serious provided that wages do not get out of hand." That is the assessment both at the INSEE [National Institute of Statistics and Economic Studies] and at IPECODE, an institute close to the employers. It is partly thanks to the sound judgment of the wage earners that the index has been held in check

since prices were completely deregulated. For their part—and it was still true in April—the prices of services are continuing to flare upward.

At a time when wage-related strike actions, although certainly limited, are continuing—at Michelin and SNECMA [National Aircraft Engine Design and Manufacturing Company], for example—and at a time when all the union leaders, with Bergeron in the lead, are exerting pressure for an improvement in purchasing power, the April index may perhaps give wage earners some ideas. All the more since the profits earned by the firms in 1987 are not benefiting those who do the producing. In the face of those risks, the wise Beregovoy is still advocating austerity in wages and a strict maintenance of purchasing power. The SMIC [Interoccupational Minimum Growth Wage] is to be increased by 2.3 percent as scheduled on 1 June, but there will be nothing extra to sweeten the pot. "The firms as well as the population must be made to realize that inflation is their problem," the minister said yesterday. It is up to the consumers to use competition to their own advantage and up to the firms not to pass on to customers the wage increases they may grant. That last point is confirmed by the INSEE. In its latest economic note, the institute considers that in a number of firms, "margins today are high enough that company heads will not be forced to pass on wage increases to their customers." Jacques Plassard of IPECODE said yesterday: "It is possible in the case of firms not in the competitive sector, but not for those subject to competition."

Beregovoy therefore intends to maintain purchasing power. By giving what he can, but not in false coin. There will be no question of going back to the "stop and go" system: first I give it to you and then I take back what I gave you. A leitmotiv at the Ministry of Finance: we are maintaining purchasing power, but in an equal manner for everyone through general increases. Whereas the private sector, when it yields—sometimes by granting increases higher than the inflation rate—does so primarily through individual wage increases. The government's other concern is that adding too much ballast to purchasing power will worsen the foreign trade deficit. By drawing on savings, and stimulated by consumer credit, the French are consuming a lot and buying foreign goods. It is a vicious circle.

11798

Outlook Hopeful for Metal Industry
35190067b Paris LE MONDE in French
21 May 88 p 23

[Article by Francoise Vaysse]

[Text] The French iron and steel industry, which has been losing money for 13 years, expects to earn a profit in 1988. The first half of the year—which in that industry is the most important half—will enable USINOR-SACILOR to show a net consolidated profit of at

least 2 billion francs, compared to a loss of 805 million francs during the first 6 months of 1987. For 1988 as a whole, the iron and steel group is banking on an overall net result at least equal to those 2 billion francs.

For as long as we have been promised it, no one has dared to believe it: a profit in the French steel industry! The good news was revealed as the final results for 1987 were published. Those results themselves marked no departure from tradition, since they still showed a net consolidated loss of 5.5 billion francs (on turnover of 67.1 billion francs).

But that figure, burdened by sizable exceptional losses (4.5 billion francs), was expected. And it marks a definite recovery in terms of 1986, a year when the French steel industry nosedived to a net loss of 12.5 billion francs.

Above all, it conceals the improvement in the group's current (financial) results, which rose from -3.5 billion francs in 1986 to -1 billion francs in 1987. (see LE MONDE of 24 February) That figure showed that the eternal sick man of French industry was starting to improve after spending years and years in a very deep coma that has probably cost the public about 100 billion francs since 1974.

The staff of Francois Mer, head of the French steel industry (which has been combined under the single banner of USINOR-SACILOR for the past 2 years), is being modest about its success. Staff members are being careful not to play the oracle, even with respect to next year. The comment is: "Tell me what the economic situation will be like in 1989, and I'll tell you what USINOR-SACILOR's results will be." Because while the French steel industry is beginning to reap the fruits of 10 years of painful modernization, it is also benefiting from an unexpected improvement in the economic situation. The comment from the group is this: "You know that when the automobile industry, construction and public works, or the household electric appliance industry does well, so does the steel industry."

The dynamism in worldwide consumption—indeed, its overheated state—is therefore benefiting every steel industry in the world. And that includes the French steel industry. But the Americans, Japanese, and British are in the same boat. Production is picking up everywhere. In France, it is up by 7.6 percent for the first 4 months of the year following an honorable 1987. In Japan, the advance for the first quarter amounts to 14.5 percent, and in the United States it peaked at +28 percent.

Other more accidental factors are pulling in the same direction: in the case of flat products (sheet steel), for example, several facilities encountered difficulties, bringing world prices back up to an acceptable level. But, and this is new, the recovery has also been benefiting long products (girders, rails, and wire) for the past several weeks. That branch of USINOR-SACILOR, which last year remained one of its most serious areas of

concern, is therefore improving its position: for the first 3 months of the year, the specialized subsidiary USI-METAL shows a current loss of 60 million francs, compared to 430 million francs a year earlier.

All those factors therefore played a part. But one must not forget the tremendous rationalization and modernization effort that the French steel industry has been putting forth for over 10 years or the sacrifices imposed on the wage earners. No government has been able to escape. And that includes the Socialists, who came to power in 1981 with the goal of increasing France's annual steel production to 30 million metric tons.

Agonizing reappraisals awaited them. Their first steel plan, in 1982, turned out to be overly optimistic and had to be corrected 2 years later. Faced with the inability of his troops to agree among themselves, the president of the republic himself had to settle the issue, and he did so on 24 March 1984. "I voted for them in 1981, and now they are closing my plant," was the despairing lament of one steelworker who came to Paris in June 1982 to express his discontent in front of the Ministry of Industry.

Six years later, the massive vote by some inhabitants of Lorraine for the National Front also reflected the state of shock in that region, which had been hit head on by the crisis.

French steel production totaled 27 million metric tons in 1974. Thirteen years later, it was 17.7 million metric tons. In the space of 10 years (1977-1987), USINOR-SACILOR's production capacity was reduced by 37 percent in the case of long products and by 15 percent in the case of flats. Even worse, employment in the French steel industry in the strict sense dropped from 157,629 in 1974 to 58,000 last year. And that is not the end of it: Francis [spelling variation as published] Mer estimated in February that in order to "stick to the path," his group would have to drop another 13,000 employees between now and 1990. It is true that steelworkers benefit from an advantageous social protection agreement, but entire towns have been emptied of their inhabitants following the closing of this or that facility.

But those sacrifices—both human and financial—have made it possible to overcome the French steel industry's lag in productivity in comparison with its neighbors. In 1977, it took 10 hours to pour 1 metric ton of steel. By 1982, that figure was down to 7.2 hours. In 1986, for the first time, French productivity equaled that in the FRG, which is Europe's traditional "good student" at 5.1 hours per metric ton.

Last year, French steel did even better at 4.6 hours. Parallel with that, the new team surrounding Francis Mer was trying to breathe new life into its troops by mobilizing them in a systematic struggle for quality. (see LE MONDE, 3 October 1987)

Overcapacity Remains

Even so, basic problems remain. Whether one deplores the fact or not, Europe's steel industry will never again experience the lush years of the "glorious 30"—those 30 years of growth that followed the last war. The causes are structural: technological progress making it possible to use less metal in finished products, competition from other materials, the appearance of new producers (see LE MONDE, 10 March 1987), and so on.

Mer's team is being careful to curb its enthusiasm in announcing the group's results: economic conditions during the first few months of 1988, which were "extremely favorable, must not cause us to underestimate the problem of the structural overcapacities which continue to exist in Europe in certain sectors," they point out. That constitutes a call to order as Europe's ministers of industry prepare to meet this June to study the question of extending the production quotas that have been in effect since October 1980. That against the background of a new request by the Commission to make an additional effort to reduce production capacities to 16 million metric tons.

European ironmasters, arguing that there is a good market for flat products, are dragging their feet. But if they want to continue to benefit from the protection of quotas, they will someday have to make a move.

Until then, Mer will have another problem to deal with: the Normandie Metallurgical Company in Calvados, which is being kept "under observation" until this summer. The sacrifices are not over.

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GREECE

Current Accounts Balance Deficit Widens

35210096c Athens 1 KATHIMERINI in Greek
10 May 88 p 11

[Excerpt] Our foreign trade last March was so bad that the current accounts balance at the end of the first 1988 quarter exceeded 1 billion dollars (1,038 million dollars, to be exact) or it increased by 38 percent as compared to the corresponding period in 1987. (Note: The exact forecast for the year's deficit has not been announced but the government hopes it will not exceed 1.5 billion dollars).

More specifically, the March deficit was 81 percent over that of March 1987 and it reached 690 million dollars according to data issued by the Bank of Greece on developments about our foreign trade during March and the first 1988 quarter.

This unforeseeable development—which was expected but not to such an extent—forced the government to attempt a justification through a National Economy

Ministry announcement which said that the 3-month result does not justify any pessimism since the current accounts balance is always very adverse during the first months of the year.

The same announcement attributes the deficit increase to this year's faster economic development and mainly to payment of large amounts of interest on loans for modernization of the armed forces. However, the Bank of Greece report gives, in addition to the above government reasons, the fact that the rate of imports this year is rapidly increasing while exports remain low. Specifically, in March exports were smaller than last year, while their rate of increase during the first quarter stayed at 11 percent and that of imports at 22.8 percent. Thus, the trade balance deficit reached 2,128 million dollars or 29 percent over last year's (1,571.5).

An encouraging factor is that receipts from invisible resources are very good as is the non-loan—entrepreneurial or not—capital entering the country. Development of the current accounts balance deficit was as follows (in million dollars):

	1987	1988
Imports	2,737.8	3,323.0
Exports	1,166.0	1,295.0
Trade balance	-1,571.5	-2,028.0
Invisible transactions balance	819.4	990.0
Current accounts balance	-752.1	-1,038.0
Net capital movement	961.1	839.0
(Private sector)	(208.9)	(513.0)

07520/06662

1985-1987 Growth of Foreign Debt Detailed
35210101b Athens I KATHIMERINI in Greek
22 May 88 p 10

[Article by Nikos Nicolaou]

[Text] With foreign debt exceeding 20 billion dollars, Greece has joined the ranks of heavily indebted countries. Of course, Greece has nothing in common with the Latin American model, since it is able to regularly service its loans and maintain high levels of borrowing capability in the international market. Nevertheless, servicing of this extensive borrowing absorbs considerable foreign exchange and monetary resources, thus becoming a serious impediment to the country's economic development.

According to data contained in the report issued by the governors of the Bank of Greece, at the end of 1987 the country's foreign debt stood at 20,706.7 million dollars, compared to 18,031.7 in 1986 and 15,529.5 in 1985, while in 1984 it stood at 12,318.1 million. In 1981 it was only 7 million dollars.

It is clearly evident that the country's foreign debt increased rapidly in the last few years since it doubled in just 6 years. An analysis of foreign debt shows its rapid increase was due almost totally to borrowing by the public sector, while private enterprise borrowing remained almost unchanged at 2.5 billion dollars.

The reasons for the massive reliance on foreign borrowing are more or less familiar. The populist policies of the PASOK government, especially during the first 4 years, took two forms:

First, distribution through wage increases and other transfer payments from sources which were not generated domestically. For example, in 1981, the GNP covered 96.6 percent of the economy's gross expenditures, while in 1986 it covered only 91.3 percent. This means domestic resources covered less and less of the cost for public and private consumption.

The expanding deficit was covered by the government through foreign borrowing. In other words, the populist policy of handouts was irresponsibly financed with loans from abroad. The cost will be borne by future generations of Greeks. PASOK has mortgaged the country's future for the sake of current expediency.

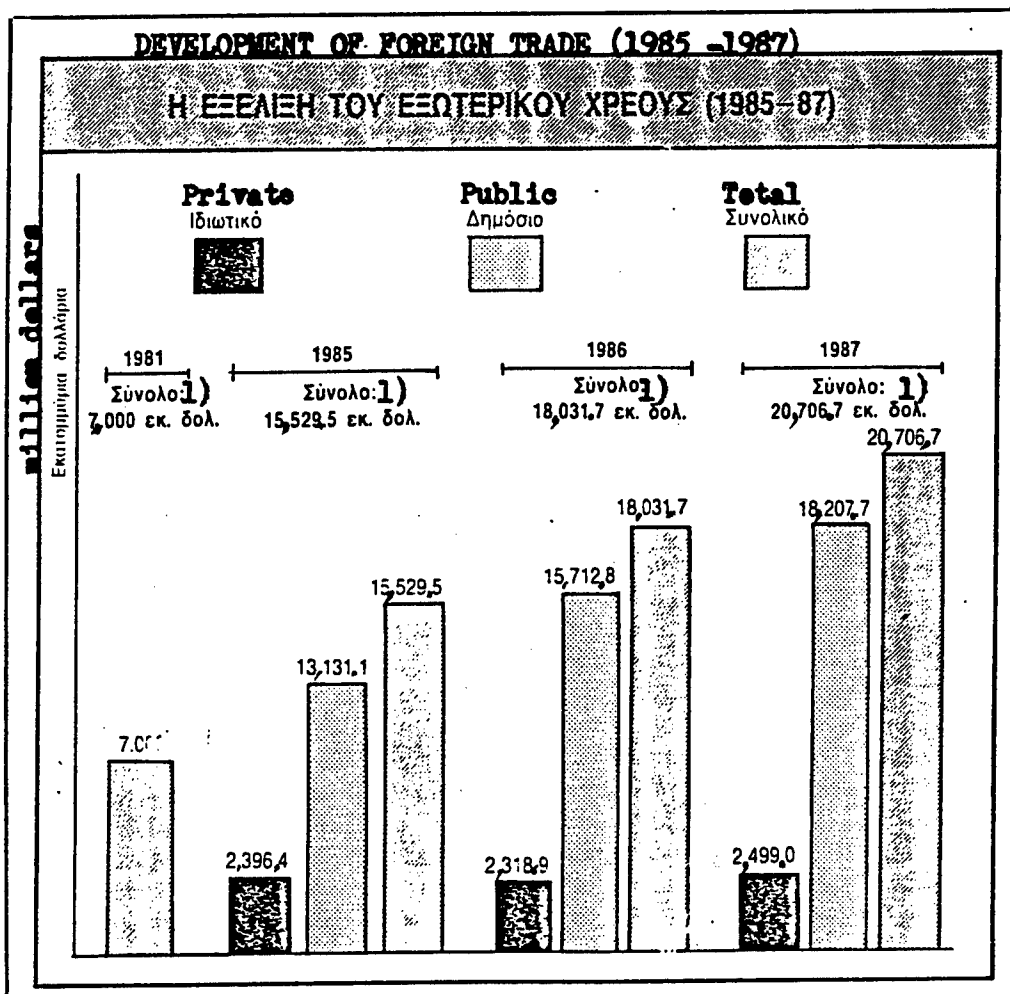
Second, the shrinking of capital inflow from abroad and the mass flight of domestic capital out of the country.

PASOK's hostility to private enterprise during its first 4 years in power, coupled with specific measures undermining the property of private enterprises, badly hurt the climate of confidence. As a result, inflow of capital from abroad dried up, while in addition to businessmen, other categories of citizens began to liquidate their holdings, sending the money abroad to save it. This outflow resulted in an expanding deficit of the Current Accounts Balance necessitating extensive foreign borrowing to cover the deficit.

At the end of 1985, the stabilization program began to turn around these negative trends and in 1987, for the first time in several years, it was unnecessary to borrow from abroad to cover the Current Accounts Balance deficit. Net borrowing by the public sector was limited to 278 million dollars (compared to 1.257 million in 1986) and this contributed to the increase of our foreign exchange reserves.

The Bank of Greece claims that the debt increase to 20,706.7 million dollars in 1987 from 18,031.7 million in 1986 was due (by 95 percent) to devaluation of the dollar in relation to other currencies in which part of our foreign debt is contracted (DM, British pounds).

It took 3,610 million dollars to service foreign loans in 1987; 2,392.9 in 1986; and 2,085.8 in 1985. These sums are already too large since they take one fourth of the country's receipts from exports and invisible sources. In other words, the ability to finance imports of capital



1) total in million dollars

goods with foreign exchange for investment to advance economic development is drastically reduced. Therefore, it is a vital necessity to stop the increase of foreign debt and cut down the cost of its servicing. The government claims that the goal of zero net foreign borrowing will be reached this year. However, the course of the balance of payments during the first 3 months is not at all encouraging and allows no optimism.

07520/06662

Bank of Greece Governor Stresses Dangers Ahead
35210096d Athens *ELEVHEROTYPIA* in Greek
29 Apr 88 p 46

[Excerpt] In the annual report he issued today, Bank of Greece Governor Dim. Khalkias points out that the 1987 real income of working people decreased by 5.5 to 8.1 percent, while entrepreneurial profits were high. The report's data are also gloomy for another class of Greek society. In 1987, artisans were deprived of 103 billion

drachmas in loans since this capital stagnated in banks, notwithstanding the fact that it was intended for small to medium enterprises as state regulations provide. This anomaly is also due to the reluctance of commercial banks to approve loan applications by artisans.

As *ELEVHEROTYPIA* reported yesterday, Khalkias sent four SOS's in four directions (to the Ministries of National Economy, Finance, and Social Insurances as well as to the banks) for:

First, the high public deficit which threatens the [current accounts] balance, faster inflation and prohibitive lender investments.

Second, the low return from taxation even though tax rates are high. Tax evasion continues to be extensive.

Third, the inability of the Insurance Funds to collect member contributions. A review of insurance benefits (retirement age, contribution, health, etc.) is proposed.

Fourth, the notion the banks have that the Central Bank and the government are responsible for insuring their efficiency.

Stabilization

In his report, Khalkias also points out that:

Wage and salary earners bear the main brunt of the mobilization costs. This is confirmed by the report's data according to which the real hourly compensation of factory workers decreased by 5.5 percent and weekly wages by 5.1 percent, while monthly employee salaries dropped by 6.4 percent.

Corresponding declines in 1986 were: 8.4, 8.5, and 11.7 percent. The real monthly salaries of bank employees declined—according to preliminary estimates—by 8.1 percent as against a drop of 11.4 percent in 1986, while that of retail store employees dropped by 6.4 percent compared to a drop of 9.7 percent in 1986.

The increase of workers and technicians in mines and quarries decreased by 4.0 percent (in 1986 the corresponding decrease was 8.9 percent). Daily wages of unskilled workers and monthly salaries of unskilled employees was the same—5.4 percent compared to 9.9 percent in 1986.

Profits for Entrepreneurs

Available estimates for fiscal 1987 results show that entrepreneurial profits will again increase. More specifically, a study of published balance sheets for the 1987 financial year shows an improved picture compared to the profitable 1986 year. Generally, an increase in net profits and a decrease in losses is indicated.

Viable ailing enterprises also showed a decrease in losses—from 34.9 billion drachmas in 1986 they dropped to 15 billion drachmas in 1987. However, compared to 1986, the 1987 profits of enterprises increased, especially in the business sector rather than the industrial.

Deficits

Khalkias warned that public balances continue to remain at high levels and characterized as insufficient the scheduled decrease of the public sector's loan needs. He emphasized that "in order to retain outlays of the state budget to anticipated limits, it is necessary to impose stricter controls and possibly cuts in expenditures."

The minister clearly hinted that, in view of the elections, the budget's anticipated outlays will not be realized despite the need to hold them down. But, according to Khalkias, given the rigidity of the loans curbing public expenditures would be difficult.

07520/06662

Commercial Fleet Profits From Iran-Iraq War

35210096a Athens EMBISTEVTIKO GRAMMA
in Greek 27 Apr 88 p 12

[Text] Because of the high freightage Greek shipowners are charging, the Iran-Iraq war in the Persian Gulf has brought Greek shipping over 2 billion dollars, Greek Shipowners Union President St Gourdomikhialis revealed during private conversations.

07520/06662

Slightly Improved Industrial Production Still Below That of 1980

35210101a Athens I KATHIMERINI in Greek
19 May 88 p 9

[Text] Industrial production increased 1.7 percent in February compared to the same month a year ago.

In the January-February 2-month period, industrial production showed an increase of 5.1 percent as compared to the corresponding period in 1987. These data were made public by the Statistical Service. However, it should be noted that current production levels are lower than those of 1980. In other words, de-industrialization still goes on. In greater detail, the Statistical Service announced the following:

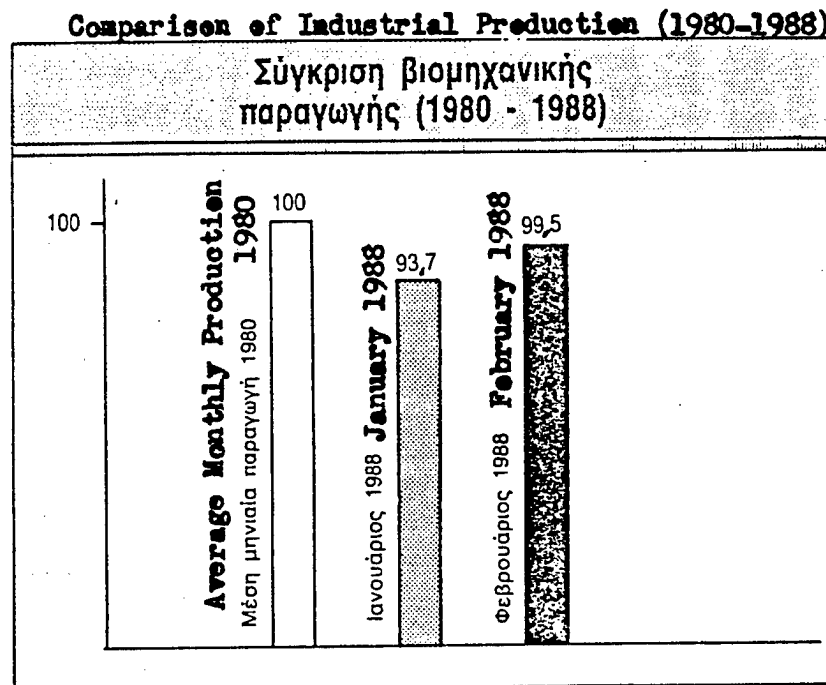
The Production Index for mining, industry, electrical, gas and energy production for February 1988 compared to the 1987 corresponding month is as follows:

1. The General Index for mining, industry, electrical, gas and energy production shows an increase of 3.0 percent.

2. The Mining Production Index shows an increase of 12.8 percent. The course of this Index was influenced by the corresponding (upward) development of indices for lignite, bauxite, iron ore-nickel, chromium ore-manganese, quarries, construction materials, mixed sulfurous barium and magnesite, and by the opposite (downward) development of indices for petroleum and natural gas extraction.

3. The Industrial Production Index shows an increase of 1.7 percent. The course of this Index was influenced by the corresponding (upward) development of indices for textiles, shoes, clothing, furniture, printing/publishing, rubber, plastics, chemicals, non-metallic ores, metallurgical products, transportation, and by the corresponding (downward) development of indices for food products, drinks, tobacco, wood felt, paper, leather, petroleum by-products, coal, basic metallurgical products, machinery/appliances, excluding electrical machinery/appliances, etc., and products by other industries.

4. The Index for Electrical/Gas Energy production shows an increase of 4.3 percent. Specifically, the Electrical Energy Index (quantitative ungraded index) shows an increase of 3.7 percent.



Development of these indices for the January-February 1988 2-month period, on an average, compared to the corresponding 1987 period is as follows:

1. The General Index for Production of Mining, Industry and Electrical/Gas Energy shows an increase of 6.1 percent.
2. The Mining Production Index shows an increase of 3.4 percent.
3. The Industrial Production Index shows an increase of 5.1 percent.
4. The Production Index for Electrical/Gas Energy shows an increase of 6.0 percent.

07520/06662

NETHERLANDS

Central Bank Views Economic Trends, Problems
36140019 Rotterdam NRC HANDELSBLAD in Dutch
26 Apr 88 p 13

[Article by Paul Frentop, Paul Friese, and Roel Janssen:
"Netherlands Still Fully in Danger Zone"]

[Text] Amsterdam, 26 April—The guilder is strong and inflation is zero. A central bank cannot hope for much better than that, especially not in a report that looks back on a year full of crises.

During the first part of 1987 nobody wanted to buy dollars anymore and the central banks had to absorb the \$120 billion the Americans needed to cover their balance of payments deficit. In February of that year, Brazil refused henceforth to pay interest on its foreign debt and the smoldering debt crisis seemed to be reaching a climax. In October there was the collapse of the stock exchange to top it all off.

All of this has blown over—for the time being—without bad results and consequently most sections of the 1987 annual report of the Nederlandsche Bank exude an air of satisfaction. Under the heading "Priorities for the Coming Years," President W.F. Duisenberg wrote that consolidation of the initial position deserves high priority.

But the Nederlandsche Bank is well aware that the monetary and economic glory of the Netherlands is primarily due to foreign countries, where economic growth has been positive for five years already. Domestically we can only boast of the wage moderation which has been prevalent since 1982.

In its field of operation the Nederlandsche Bank is being helped by the Federal Republic of Germany. The strength of the guilder cannot be seen independently from the German plans to introduce source taxation on interest payments, which makes investment in German marks less attractive. The annual report does not deal with this in detail, but it was not for nothing that at the end of last year, during a visit to Saudi Arabia, Minister of Finance Ruting stated at length that the Netherlands has no plans to introduce taxation at the source.

The German announcement and the collapse of the stock exchange also helped the Nederlandsche Bank in another respect. About this time last year, Duisenberg was very worried about the exorbitant capital exports. Now the Netherlands has become relatively more attractive. The bank announced for the first time that 40 percent of the public share of government loans issued in 1987 were bought by foreigners (or via the London Stock Exchange by Dutch investment institutions), which is more than before. And since the collapse, Dutchmen prefer to invest closer to home. Hence, that is one less worry.

Government

But even in years of prosperity, the government does not manage to push back expenditures and reduce the financing deficit. That is a firm point of criticism from the Nederlandsche Bank, but this year that criticism, although carefully formulated, is really sharper.

It is significant that this matter was discussed last year under the heading "Financing Deficit." This year the chapter is entitled: "Financing Problems of the Government."

Duisenberg wrote in his foreword: "It must be remembered that the very modest reduction of the financing deficit in 1982 (ed.—when the first Lubbers administration came to power) was carried out during a period of upward growth."

In 1982, the total deficit for the national and the lower levels of government, stripped of distorting influences, was 10.1 percent of the national income. In 1987 it went up from 7.9 (1986) to 9.2 percent. That is more than the Nederlandsche Bank expected last year, because it still anticipated a 7.4 percent deficit for 1986 and 8.5 percent for 1987.

Consequently, the Dutch government not only performs very badly at the international level, but it will be even more difficult in the future to put things right, especially because it can be expected that worse economic weather is on the way.

Last year Duisenberg already wrote that the assumptions of the government agreement were too optimistic and that extra savings of 5 to 10 billion guilders would be necessary to get the financing deficit to an acceptable level by 1990. "It cannot be excluded that even that statement has been too optimistic," he now writes.

And even if all of that were to succeed, we still would not have made it. This year, the government will have to take out 45 billion guilders in loans on the capital market. Even if the financing deficit were to be reduced as much as is written in the government agreement, by 1995 the government would still have to get 70 billion guilders from the capital market.

That is what is referred to as "financing problems" and it predicts little good for either investors or home buyers, because such an increased demand by the government will necessarily cause the interest rate to go up; even though Duisenberg does not say this in so many words. He did write that: "It should be clear that to cover such financing needs the reduction in trust in our country could have serious consequences for the interest rate."

In human terms, the government will have an even more difficult time than has been outlined above. Because virtually all the assumptions in the government agreement of 2 years ago now seem ludicrous already. The government agreement assumes the value of the dollar at 2.25 guilders and oil prices at \$25 a barrel. Because of the decline in the value of the dollar and in oil prices, a barrel of oil is worth less than half the price listed in the government agreement; thus, there go our natural gas profits.

The authors of the government agreement expected a drop in the interest rate to 3.5 to 4 percent. That opinion is no longer shared by any expert. And the lower levels of government should have a deficit of no more than 0.25 percent of the national income, a figure which in the meantime has been adjusted by the Ministry of Finance to 0.50 percent. But last year the deficit of the lower levels of government went up by 50 percent to 1.5 percent of the national income; hence, another 2 billion guilders disappeared unobtrusively.

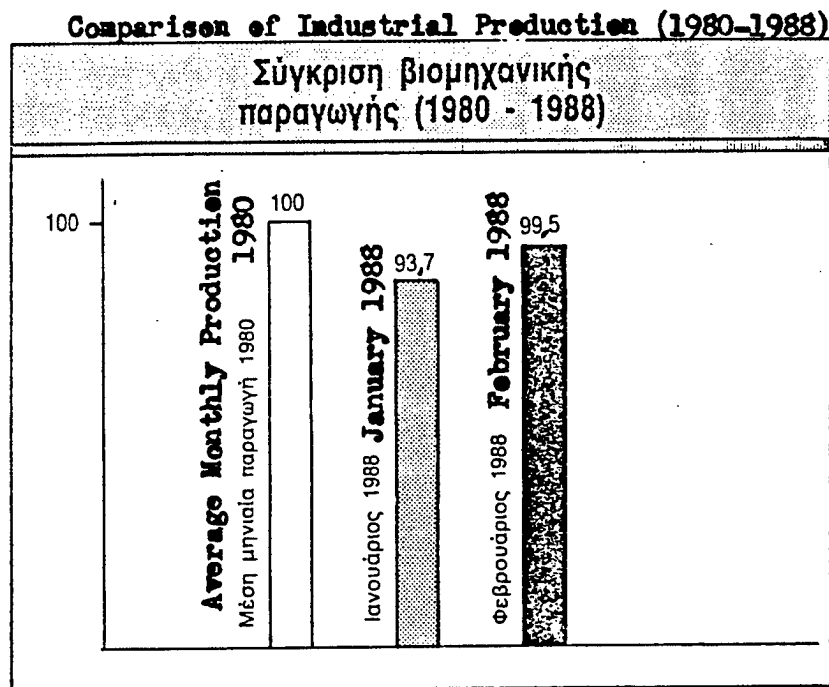
During his explanation of the annual report, Duisenberg said yesterday that structurally the deficit of the government as a whole could be as high as 4 to 5 percent of the national income. "If the lower levels of government structurally have a 1.5 percent deficit, then the national deficit must be pushed back to 3 percent. If the administration achieves its deficit goal for the kingdom by 1990 (5.25 percent), then another 2.25 percent will have to be reduced during the next administration period."

Only the current 5 percent growth in world trade does not deviate too much from the 5.5 percent provided in the government agreement. As a matter of fact, last year Duisenberg expected a worsening in Dutch exports, which did not occur. Exports grew by 6.5 percent in 1987.

Windfall

The windfall in tax profits resulting from the favorable economic growth—actually a buffer for less favorable times—was cancelled by structural disappointments in expenditures, wrote Duisenberg.

Only people who tend to mope would point out that this criticism is just a bit late now that the released WIR funds as well as a few windfalls have once again been spent. Given the emphasis on reducing the financing deficit, one would expect that the Nederlandsche Bank would be unhappy about the government's decision to



once again appropriate the released WIR funds for industry. But that is not the case. Duisenberg, who together with Lubbers was the spiritual father of the WIR in the Den Uyl administration, notes nearly sadly "that the WIR must have died from its own success."

He is not very happy with the moment in time when the WIR died ("just now when investment prospects are more somber"), but he is happy that the money is being shifted back to industry. "I myself would also have chosen not to let the money be used to reduce the financing deficit, but rather to let it be used for tax reduction."

On the other hand, Duisenberg is "worried" about the fact that the administration is using tax windfalls to eliminate financial disappointments, to finance new expenditures, and to reduce taxation. In his opinion, reduction of the financing deficit should have absolute priority.

"If you want everything at once, then you will have to cut savings even more; it cannot come from elsewhere." He feels that the fact that people are increasingly tired of economizing, combined with a desire for tax reduction alive in ever broader circles, is a serious threat to the healing of the government finances.

Little Favor

Thus, Duisenberg harshly rejects the government's decision to use 2 billion guilders of the tax windfall in 1990 to reduce wage and income taxes. The government's argument that the Netherlands is trying to join the European trend toward tax reduction finds little favor in his eyes. As far as he is concerned, windfalls should accrue to the financing deficit, tax reductions must be financed through extra savings.

With a firm guilder and no inflation, the Nederlandsche Bank has its own monetary house well in order. According to Duisenberg, this does not apply to government finances. At the international level, the budgetary deficit, public expenditures and the burden of public taxation stand out in an ever more unfavorable light. "The Netherlands is out of step with virtually all EC countries." Our country does not abide by the international rules of the game. The Netherlands will regret this when the internal borders within the EC disappear. In spite of what is usually thought, our country is still in the middle of the danger zone.

"Then the rocks which would turn the ship of state are really coming rather close. It would be better if we were to change course in a timely manner ourselves," said the bank president.

GREECE

Dissatisfaction With National Health System Shown

35210096b Athens EMBISTEVTIKO GRAMMA in Greek 27 Apr 88 p 14

[Text] Advertising of private [nonstate] health services recently in daily newspapers (Medical Center, Cromwell International Hospital in London, etc.) steadily undermines the government's image in the health sector.

The public reminder that well-to-do people can have good-quality health treatment in major private clinics in Greece or abroad, coupled with the known problems faced by those who turn to the state health services, intensifies the feeling of disappointment experienced by the majority of people who viewed with favor the National Health System [ESY] when it first started.

According to recent polls (e.g., EURODIM DIMEL), the public continues to have a better image for the government in the health area than it has for ND—the opposition party. In spite of all problems (the heat wave of July 1987, the salmonella breakout in Evangelismos Hospital, etc.), the good impression PASOK won in 1982-1985 in this sector continues "to hold on" through inertia. Losses are caused mainly by personal experiences of a small minority (compared to the total population) who have come into contact with ESY.

The political significance of ads for private clinics and (to a greater degree) strong criticism by the press is that they tend to multiply the effect of personal experiences on public opinion. This tends to accelerate the image of decay plaguing PASOK's governmental work in the health area as well.

07520/06662

Serious National Health System Crisis Needs Consensus

35210099 Athens I KATHIMERINI in Greek 12 May 88 p 7

[Editorial: "The 'Patient' and the 'Remedy'"]

[Text] Many outstanding doctors are leaving the state hospitals, rejecting their professional captivity in the ESY [National Health System].

Those enrolled in the ESY are having problems, are protesting and being mobilized.

The hospital doctors are going almost constantly on suspensions and strikes so their demands will be met. The same is true for the nursing personnel at various institutions.

In the framework of the system's operation, "needless hirings" are being made, while half of the positions for needed doctors remain empty.

Most state hospitals are operating problematically—both for the patients and the doctors.

In private clinics, large and small, it is now very difficult to secure a bed because people prefer the care—even though it is very expensive—which they offer.

And the Chamber of Deputies is discussing—at the level of political leaders—the "issue" of public health....

At the level, however, of political will, government action and positive result, nothing new! Only diagnoses, in many cases identical from different sides, though Health requires therapy, urgent and intensive therapy.

The experience thus far from the ESY's operation portrays mainly problems which await solutions.

In practice, the National Health System is proving to be neither national, as regards covering the country's needs, nor a system, as regards methodizing its output, nor health, as regards the possibilities for care....

Perhaps, as a figure of speech, this statement leaves a taste of hyperbole. It would be a mistake, nevertheless—a further mistake—if the appropriate government factors bore in mind only the analogy of phrasal hyperbole.

Because they would thus tragically ignore reality. And we do not believe they are ignorant of it or want to be ignorant of it. They know the problem first-hand.

During the debate in the Chamber, the leader of the official opposition, Kon. Mitsotakis, pointed out the failure of the system and indicated solutions. It is characteristic that the New Democracy president reached the point of introducing again in the Chamber his party's basic position, that New Democracy, returning to the government, would reestablish the doctors' free employment, releasing them from the exclusive ESY commitment.

Former Prime Minister Georgios Rallis characteristically called to mind the diametric opposition of PASOK—as the official opposition—to Spyros Doxiadis' plan for the operation of a health system which had been drawn up while he was prime minister. And referring to the whole problem of public health as it is implacably emerging today, Rallis made the incision needed to deal with it: That the basic, indispensable "remedy" today, which can bring positive results, is political consensus.

Only in this way can the "patient's" complicated critical condition be confronted. Partisan fever is aggravating the crisis.

The fact that other voices from the opposition have come to the common realization that the ESY is not making headway, and public health has immediate need of a cure, indicates to the government the necessity of a unanimous confrontation of the problem.

The statistical data which, from a government side, were offered to the Chamber, are no answer to either covering a discussion on the political leaders' level or, far more of course, confronting the created reality.

We will not go on today to more details on the "issue." We will insist on the primary need to immediately

approach and confront the—complex and significant but, above all, national—problem with the unanimous consensus which is required. And which can open the way to feasible, positive adjustments.

And, above all, let all sides perceive that political realism, not political expediency, is needed. So that there can be correct assessments, and well-intentioned procedures can lead to the agreed-upon conclusion.

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